

560.0080

Memorandum

To: San Francisco – Auditing (ESA)

Date: March 19, 1959

From: Headquarters – Sales Tax Counsel (SGL)

Subject: United States Coast Guard Auxiliary

You inquire as to whether this organization is an agency or instrumentality of the United States Government. It appears that this question has arisen in regard to sales by this organization of certain instruction pamphlets.

It is specifically provided in Title 14 of the United States Code that the Coast Guard Auxiliary is a nonmilitary organization administered by the Commandant of the Coast Guard under the direction of the secretary. The purposes of this organization as stated in the law are to aid the Coast Guard in its nonmilitary operations, particularly in regard to rescue operations and to promoting safety and efficiency in the operation of motor boats and yachts, and to foster a wider knowledge of, and better compliance with, the laws, rules, and regulations governing the operation of motor boats and yachts.

The law also provides that the service facilities and appropriations for the Coast Guard shall be available to effectuate the purposes of the auxiliary. The regulations of the Coast Guard Commandant set forth the basic organization of the auxiliary and also set forth the qualification for membership. The authority to enroll and disenroll rests with the Commandant or the Coast Guard officer to whom he delegates this authority.

The Commandant has delegated the responsibility for supervising the auxiliary to a staff member (a Coast Guard officer) who is called the “Chief Director”. Likewise, the Coast Guard District Commanders have also delegated to a staff officer, who is calling the “Director” the responsibility for the administration of the auxiliary within the district. However, the functioning of the organization is to a large degree left to the auxiliary members and their elected officers with the Coast Guard exercising very little actual supervision.

It appears that in selling the pamphlets in question, this organization is carrying out the purposes set forth in Title 14 of the U. S. Code and, therefore, at least to that extent is acting as an instrumentality of the United States Government. Consequently, we are of the opinion that the sales of these pamphlets by this organization are not taxable.

However, we leave the question open as to other types of transactions in which this organization may engage in the future.

Stanley G. Lerner