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DeKalb County v. Federal Housing Finance Agency

United States Court of Appeals, Seventh Circuit - December 23, 2013 - F.3d - 2013 WL 6727323

Illinois counties and State of Illinois commenced action to impose real estate transfer tax on sales by government-sponsored enterprises such as Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) of foreclosed property to home buyers notwithstanding their statutory exemption from state taxation.

The Court of Appeals held that:

- Enterprises were exempt from real estate transfer taxes levied by state or local government;
- Real estate transfer tax was not property tax and therefore was not excluded from tax exemption to government-sponsored enterprises;
- Conversion of Federal National Mortgage Association and Federal Home Loan Mortgage Corporation to government-sponsored enterprises did not strip them of their implied constitutional tax exemption; and
- Suit to prevent state's tax collector from imposing real estate transfer tax on sales of foreclosed property by Federal National Mortgage Association and Federal Home Loan Mortgage Corporation was not subject to Tax Injunction Act.