

# **Bond Case Briefs**

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## **TAX - RHODE ISLAND**

### **Town of Johnston v. Federal Housing Finance Agency**

**United States Court of Appeals, First Circuit - August 27, 2014 - F.3d - 2014 WL 4237996**

The Town of Johnston, Rhode Island and the Commissioners of Bristol County, Massachusetts (“the municipalities”) brought separate actions against the Federal National Mortgage Association (“Fannie Mae”), the Federal Home Loan Mortgage Corporation (“Freddie Mac”), and the Federal Housing Finance Agency (“FHFA”) (collectively, “the entities”), alleging that the entities failed to pay taxes on the transfer of property.

Federal district courts in Massachusetts and Rhode Island granted the entities’ motions to dismiss based on statutory exemptions from taxation.

The municipalities appealed, claiming that the transfer tax is a tax on “real property” and therefore falls outside the entities’ tax exemptions, and that the entities’ tax exemptions themselves are unconstitutional.

Court of Appeals wasn’t buying it.