it would be passed on to the government.[232] Previously, it had sustained a gross receipts tax levied in lieu of a property tax upon the operator of an automobile stage line, who was engaged in carrying the mails as an independent contractor[233] and an excise tax on gasoline sold to a contractor with the government and used to operate machinery in the construction of levees on the Mississippi River.[234] Although the decisions have not set an unwavering line,[235] the Court has hewed to a very restrictive doctrine of immunity. "[T]ax immunity is appropriate in only one circumstance: when the levy falls on the United States itself, or on an agency or instrumentality so closely connected to the government that the two cannot realistically be viewed as separate entities, at least insofar as the activity being taxed is concerned."[236] Thus, *New Mexico* sustained a state gross receipts tax and a use tax imposed upon contractors with the Federal Government which operated on "advanced funding," drawing on federal deposits so that only federal funds were expended by the contractors to meet their obligations.[237] Of course, Congress may statutorily provide for immunity from taxation of federal contractors generally or in particular programs.[238]

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[232] Alabama v. King & Boozer, 314 U.S. 1 (1941), overruling Panhandle Oil Co. v. Mississippi ex rel. Knox, 277 U.S. 218 (1928), and Graves v. Texas Co., 298 U.S. 393 (1936). *See also* Curry v. United States, 314 U.S. 14 (1941). "The Constitution . . . does not forbid a tax whose legal incidence is upon a contractor doing business with the United States, even though the economic burden of the tax, by contract or otherwise, is ultimately borne by the United States." United States v. Boyd, 378 U.S. 39, 44 (1964) (sustaining sales and use taxes on contractors using tangible personal property to carry out government cost-plus contract).

[233] Alward v. Johnson, 282 U.S. 509 (1931).

[234] Trinityfarm Const. Co. v. Grosjean, 291 U.S. 466 (1934).

[235] United States v. Allegheny County, 322 U.S. 174 (1944) (voiding property tax that included in assessment the value of federal machinery held by private party); Kern-Limerick, Inc. v. Scurlock, 347 U.S. 110 (1954) (voiding gross receipts sales tax applied to contractor purchasing article under agreement whereby he was to act as agent for government and title to articles purchased passed directly from vendor to United States).

[236] United States v. New Mexico, 455 U.S. 720, 735 (1982). *See* South Carolina v. Baker, 485 U.S. 505, 523 (1988).

[237] "[I]mmunity may not be conferred simply because the tax has an effect on the United States, or even because the Federal Government shoulders the entire economic burden of the levy." United States v. New Mexico, 455 U.S. 720, 734 (1982). Arizona Dep't of Revenue v. Blaze Constr. Co., 526 U.S. 32 (1999) (the same rule applies when the contractual services are rendered on an Indian reservation).

[238] James v. Dravo Contracting Co., 302 U.S. 134, 161 (1937); Carson v. Roane-Anderson Co., 342 U.S. 232, 234 (1952); United States v. New Mexico, 455 U.S. 720, 737 (1982). *Roane-Anderson* held that a section of the Atomic Energy Act barred the collection of state sales and use taxes in connection with sales to private companies of personal property used by them in fulfilling their contracts with the AEC. Thereafter, Congress repealed the section for the express purpose of placing AEC contractors on the same footing as other federal contractors, and the Court upheld imposition of the taxes. United States v. Boyd, 378 U.S. 39 (1964).