see, that it was computed by the value of the use to the contractor of the federally leased property, and that it was nondiscriminatory; that is, it was designed to equalize the tax burden carried by private business using exempt property with that of similar businesses using taxed property. Distinguishing *Allegheny County*, the Court maintained that in that older decision, the tax invalidated was imposed directly on federal property and that the question of the legality of a privilege on use and possession of such property had been expressly reserved. Also, insofar as the economic incidents of such tax on private use curtails the net rental accruing to the government, such burden was viewed as insufficient to vitiate the tax.[256]

Deeming the second and third taxes similar to the first, the Court sustained them as taxes on the privilege of using federal property in the conduct of private business for profit. With reference to the second, the Court emphasized that the government had reserved no right of control over the contractor and, hence, the latter could not be viewed as an agent of the government entitled to the immunity derivable from that status.[257] As to the third tax, the Court asserted that there was no difference between taxing a private party for the privilege of using property he possesses, and taxing him for possessing property which he uses; for, in both instances, the use was private profit. Moreover, the economic burden thrust upon the government was viewed as even more remote than in the administration of the first two taxes.[258]

Federal Property and Functions.—Property owned by the United States is, of course, wholly immune from state taxation.[259] No state can regulate, by the imposition of an inspection fee, any activity carried on by the United States directly through its own

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[256] United States v. City of Detroit, 355 U.S. 478, 482, 483 (1958). *See also* California Bd. of Equalization v. Sierra Summit, 490 U.S. 844 (1989).

[257] United States v. Township of Muskegon, 355 U.S. 484 (1958).

[258] City of Detroit v. Murray Corp., 355 U.S. 489 (1958). In United States v. County of Fresno, 429 U.S. 452 (1977), these cases were reaffirmed and applied to sustain a tax imposed on the possessory interests of United States Forest Service employees in housing located in national forests within the county and supplied to the employees by the Forest Service as part of their compensation. A state or local government may raise revenues on the basis of property owned by the United States as long as it is in possession or use by the private citizen that is being taxed.

[259] Clallam County v. United States, 263 U.S. 341 (1923). *See also* Cleveland v. United States, 323 U.S. 329, 333 (1945); United States v. Mississippi Tax Comm'n, 412 U.S. 363 (1973); United States v. Mississippi Tax Comm'n, 421 U.S. 599 (1975).