

M e m o r a n d u m**190.0253**

To: Mr. Glenn Bystrom

Date November 16, 1990

From: Donald J. Hennessy
Senior Tax Counsel

Subject: Relocatable Classrooms

All were sorry you missed the meeting of November 7, 1990 with representatives of the relocatable classroom industry. One question which arose at such meeting concerns your October 26, 1990 letter (copy enclosed) to T--- S---, the Controller of M--- R---. On page 2, of such letter, in the first sentence of the third paragraph you stated, "If you acquire a school building and have a contract to either sell or lease it to a school district at the time of purchase, you must not issue a resale certificate for this purchase."

It was suggested at the meeting that the words "either sell or" should be deleted, so that the sentence would only apply to school buildings acquired for leasing. We could think of no other reason why a school building specifically purchased for resale could not be purchased on a resale certificate. Would you clarify this sentence in another letter to Mr. S--- with copies to Gary Jugum, Ray Hirsig, Bob Sullivan, and myself.

Another problem which arose at the meeting, and which went unanswered, involved the onsite assembly of a relocatable classroom prior to actual attachment (installation) of the classroom to the realty. All of us thought we have covered this in previous meetings, but could not locate an answer. Possibly this should be discussed and our conclusions communicated to the industry representatives who participated.

Two conclusions worthy of note mentioned at the meeting were (1) church schools are not included even under the most recent amendments and (2) community colleges sometimes do not go through the process as required in AB 4029; if they do not, they will not get the benefit of the 40% rule.

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Enc.

cc: Mr. Gary J. Jugum
Mr. Bob Sullivan
Mr. Ray Hirsig