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April 14, 1994

Dear: ---

This is in reply to your February 11, 1994 letter regarding the application of sales tax to the distribution of periodicals by nonprofit organizations.

As you noted, subdivision (b) was added to Revenue and Taxation Code section 6362.7 operative November 1, 1992 to add an exemption from sales and use tax for the sale and use of tangible personal property which becomes an ingredient or component part of any periodical regularly issued at average intervals not exceeding three months and any such periodical, which is sold by subscription and delivered by mail or common carrier. Subdivision (c) of the section defines periodicals. You go on to note:

“Commonly, the subscription price for nonprofit organization newsletters and other frequently issued publications is included in the membership dues paid to the organization. Receipt of the publication(s) by members is viewed as a membership benefit. It is also common practice to distribute publications by mail as a timely means of delivery to the member.”

We agree with your conclusion that, when a nonprofit organization includes in its membership dues a subscription to a periodical, as defined at subdivision (c) of Section 6362.7, and delivers the periodicals by mail or common carrier, the transaction is a sale exempt from tax under subdivision (b) of Section 6362.7.

Very truly yours,

Ronald L. Dick
Staff Counsel