

**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)
(916) 445-6493

December 28, 1988

Mr. E--- B. B---, President
R--- I--- Systems, Inc.
XXXX --- Park Way, Suite XXX
---, California XXXXX

R--- I--- Systems, Inc. - SR -- XX-XXXXXX
"Reference Update" publication on floppy disks

Dear Mr. B---:

In your November 4, 1988 letter to the Board's legal staff, you write in summary that you believe that your publication, "Reference Update," constitutes a nontaxable periodical within the meaning of the Board's Sales and Use Tax Regulation 1590. With respect to your publication, I have also received from Mr. Ernest R. Lucero, Senior Tax Auditor, San Diego District office, copies of your correspondence with Mr. Lucero and a package of floppy disks containing the periodically issued information included in "Reference Update."

Your correspondence indicated that "Reference Update" is distributed 52 weeks a year on a subscription basis largely to members of the professional biomedical community. The information (or data) stored on the disks consists of the tables of contents of current medical research journals published throughout the world. The information is not itself a computer program, and can be accessed only by means of a customer's own program or a separate program, "Reference manager," which you sell as a taxable computer program. "Reference Update" contains neither advertising nor articles.

Opinion

Our opinion is that "Reference Update" qualifies as a periodical exempt from sales and use tax under Regulation 1590. For purposes of determining whether a publication qualifies as a periodical, it makes no difference in what form the publication is distributed. Thus, a qualifying newspaper or periodical may be distributed on computer disks as well as on paper. You have correctly noted that your sales of a computer program used to read the information contained on the

disks are taxable transactions. "Reference Update" qualifies as a periodical even though it contains no articles. Under Regulation 1590, in order to qualify as a periodical, a publication must (among other things) contain news or information of general interest to the public or some portion of the public. Our view is that this requirement is met when the information consists of tables of contents, indices, or other types of tabular data. There is no requirement that the news or information must be in the form of articles.

I enclose a copy of Regulation 1590 for your information. Please feel free to contact me if you have further questions or comments about this letter.

Very truly yours,

John Abbott
Tax Counsel

JA:sr
Enclosure

cc: Mr. Ernest R. Lucero
San Diego District Office