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**STATE BOARD OF EQUALIZATION**

(916) 445-6493

June 24, 1985

Re: "Homes and Land of Carmel/Monterey Peninsula"

Dear Mr.

In your April 9, 1985 letter to Mr. John Chan of the Board's Audit Evaluation and Planning Unit, which was referred to me for reply, you relate that you represent Mr. --- the Publisher of "Homes and Land of Carmel/Monterey Peninsula." You enclosed Volume III, No.5 of this free publication, and ask for our opinion on the following issues:

- (1) Whether the publication qualifies as a periodical exempt from sales and use taxes under Sales and Use Tax Regulation 1590,
- (2) Whether the front cover, a photograph of a scene in the Carmel-Monterey peninsula area, constitutes a non-advertising portion of the printed area of the publication,
- (3) Whether the paragraph describing the contents on page 29 constitutes a non-advertising portion of the printed area of the publication.

Our opinions with respect to the questions you raise are as follows:

- (1) The publication does qualify as a periodical exempt from sales and use taxes under Regulation 1590. Of the 40 printed pages, four pages consist of news and information of a general interest to readers, specifically a two-page article on the Monterey Bay Aquarium, a one-page editorial entitled "Keep the Butterflies in Pacific Grove," and a one-page public service announcement on behalf of a missing children's organization.
- (2) The cover photograph constitutes part of the non-advertising printed area of the publication. One portion of the cover, which lists telephone numbers to call to obtain other similar publications, constitutes advertising. The remainder of the words printed on the cover merely give the title and nature of the publication, and are not considered advertising.

- (3) We consider the paragraph on page 29 to constitute part of the advertising portion. It essentially promotes the publication as source of real estate advertising for the Carmel-Monterey Bay area.

Altogether, however, the advertising portion of this issue constitutes 35 pages of 40 total, or less than 90% of the total printed area. Assuming other monthly issues of the publication likewise contain news and information of general interest, and contain not more than 90% advertising in more than half the issues of any 12 month period, the publication qualifies a tax-exempt periodical under Regulation 1590(a) (2).

Accordingly, tax does not apply to printing charges for this publication, nor to sales of any other tangible personal property becoming an ingredient or component. part of the publication.

Please feel free to contact me if you have any questions or comments about this letter.

Very truly yours,

John Abbott  
Tax Counsel

JA: sr  
cc: Mr. John Chan