

**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA  
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)  
(916) 445-6450

WILLIAM K. BENNETT  
First District, Kentfield

BRAD SHERMAN  
Second District, Los Angeles

ERNEST J. DRONENBURG, JR.  
Third District, San Diego

MATTHEW K. FONG  
Fourth District, Los Angeles

GRAY DAVIS  
*Controller, Sacramento*

---

BURTON W. OLIVER  
*Executive Director*

March 10, 1992

Dear

Your letter of November 16, 1991 addressed to Governor Wilson has been referred to me for response. In your letter, you asked if it is true that tax now applies on subscriptions to the educational magazine National Geographic.

The National Geographic Society is a non-profit organization under Section 501(c) (3) of the Internal Revenue Code which distributes periodicals to members in consideration of the organization's membership fee. The periodical which is distributed monthly by the organization is the National Geographic magazine.

Effective July 15, 1991, with the passage of Assembly Bill 2181 and Senate Bill 179, several exemptions in the California Sales and Use Tax Law were repealed including the exemption previously enjoyed by newspapers and periodicals.

In October 1991, the Governor signed Senate Bill 89 which provides that tax does not apply to the sale or use of any newspaper or periodical distributed by an organization that qualifies for tax exempt status under section 501 (c) (3) of the Internal Revenue Code. To qualify, the publication must either: (1) be distributed to members in consideration of their membership fees or to contributors to the organization or (2) not contain commercial advertising. The exemption is effective November 1, 1991.

Following is a chronology of the application of sales tax to National Geographic:

1. Prior to July 15, 1991, both the cost and selling price of National Geographic were exempt from tax.
2. From July 15, 1991 to October 31, 1991, any sales of National Geographic would be subject to tax, unless the sales resulted from a subscription that was entered into and paid prior to July 15, 1991.

3. Beginning November 1, 1991, National Geographic again qualifies for exemption since the National Geographic Society is covered by Internal Revenue Code Section 501(c)(3) and meets the stated criteria.

If your subscription was entered into during the time frame of July 15, 1991 through October 31, 1991, the National Geographic Society was correct in applying tax on your subscription fee for National Geographic. However, due to the change in the law effective November 1, 1991 which again resulted in National Geographic qualifying as exempt from the tax, only that portion of the subscription fee applicable to publications delivered from July 15, 1991 through October 31, 1991 are subject to tax. The remaining subscription fees applicable to deliveries made beyond the July 15, 1991 through October 31, 1991 time frame are exempt from the tax and you are entitled to a refund for that portion of the tax from the National Geographic Society.

For your information, I have enclosed a copy of Regulation 1590, "Newspapers and Periodicals" which explains the tax application to periodicals. I hope this information has been helpful.

Sincerely,

Margaret S. Shedd  
Legislative Counsel

MSSP: smp  
B-A363

Enclosure

cc: Honorable Pete Wilson  
Honorable Brad Sherman, Chairman  
Honorable Matthew K. Fong, Forth District Member  
Mr. Burton W. Oliver, Executive Director

bc: Downey District Administrator  
Mr. E. L. Sorensen, Jr.  
Mr. Glenn A. Bystrom  
Mr. Stephen Rudd

Attached Letter.

November 16, 1991

To Gov Pete Wilson  
State Capitol  
Sacramento California

Dear Governor

Is it true that we now are forced to pay \$1.73 tax on our \$21.00 tax subscription to the educational magazine, National Geographic?

It's enough to make me want to move to Fiji!

---