

**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA  
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April 8, 1992

Mr. M--- L. W---  
Director of Development  
J--- High School  
---, CA XXXXX-XXXX

RE: SR -- XX-XXXXXX  
Auction Sales

Dear Mr. W---:

I am writing this in response to yours to me of March 4, 1992. You have asked for advice regarding the application of sales tax to your school's fund-raising auctions.

I. FACTUAL BACKGROUND

You recite the factual basis of your question as follows:

"J--- High School has an annual auction, which is put on by the parents of the high school students. The proceeds of the auction benefit all students, in accordance with the policies of the J--- High School Board.

"In the past, sales tax has been charged for items purchased by those attending the auction. However, all items sold have been donated to the school for the auction. Our understanding now is that this event would qualify under the Board of Equalization's provisions regarding 'equivalent organizations' which qualify as consumers. In this case it is not correct to charge, collect, and remit sales tax."

OPINION

Certain organizations are consumers and not retailers of specified kinds of tangible personal property under certain conditions. (Reg. 1597(a).) Organizations equivalent to non-profit parent-teacher associations that perform the same type of service for public or private schools and are authorized to operate within the school by the governing authority of the school are consumers and not retailers of tangible personal property sold by them if the profits from

such sales are used exclusively in the furtherance of the purposes of the organization.  
(Reg. 1597(g).)

You state that the students' parents put on these annual auctions and that the profits go to the students. If the parents' organization is equivalent to a parent-teacher association as described above, as you letter indicates that it is, then it qualifies for consumer status under the above authority. The fact that the property sold is donated to the school does not affect the exemption.

For your information, I have enclosed a copy of Regulation 1597. I hope the above discussion has answered your question. If you need anything further, please do not hesitate to write again.

Sincerely,

John L. Waid  
Tax Counsel

JLW:es  
1026I  
Enc.: Regulation 1597