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**STATE BOARD OF EQUALIZATION**

916-445-6450

April 29, 1992

Dear Ms X-----,

As you know, your February 19, 1992 letter to Mr. X----- of the California State Board of Equalization has been referred to the legal staff for reply. You asked whether a brochure you print for X----- is a printed sales message as defined in Sales and Use Tax Regulation 1541.5.

You note that the brochure is delivered to a mailing house and mailed to prospective members of X----- . In addition to inviting membership, the brochure provides an explanation of benefit and lists participating physicians. You note that the list of participating physicians is intended to demonstrate the many choices available to members of X----- health maintenance organization. X----- hopes that, where prospective members will be able to locate a participating physician in their area, the prospective members will be more inclined to become members of X-----  
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We believe that the brochure is a printed sales message when X----- publishes and distributes the brochure to prospective members for the purpose of explaining the benefits of enrolling in the X----- health maintenance organization to promote the sale of X----- services.

You may accept an exemption certificate as provided in subdivision © of Sales and Use Tax Regulation 1541.5, Printed Sales Messages, when you deliver the printed sales messages in the manner described in the regulation.

We hope this answers your questions; however, if you need further information, feel free to write directly to this office.

Very truly yours,

Ronald L. Dick  
Senior Tax Counsel

RLD:sr

Bc: San Bernardino District Administrator

This opinion relates to the sale of a printed sales message by X----- to X----- . The nature of the brochure makes it susceptible to use by X----- by distribution to existing members as a directory of membership services. We provide you with this information in case you wish to follow up to determine whether X----- had any catalogs distributed to new members.

# Memorandum

**432.0060**

To: Ms. Leila Khabbaz – MIC:40

Date: December 18, 1997

From: Ronald L. Dick  
Senior Tax Counsel

Subject: Annotation 432.0060

Sales and Use Tax Annotation 432.0060 does not accurately state the content of its backup correspondence. We suggest the annotation be reworded to state the following:

“A health maintenance organization’s brochures which invited prospective members to join the organization and provided an explanation of benefits and a list of participating physicians to demonstrate the choices available to the prospective members were printed sales messages.”

The footnote to the backup letter notes the nature of the brochure made it susceptible to use for distribution to existing members as a directory of membership services the footnote was merely to alert the district office of ambiguous wording in the brochure that created the possibility the purchaser might make a use of the brochure other than as a printed sales message.

RLD:sr