



505.0700

STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

October 14, 1969

REDACTED TEXT

Attention: REDACTED TEXT
Housing Programs Coordinator

Gentlemen:

Your letter of September 8, 1969, addressed to Mr. John E. Sharpe of our Long Beach office has been referred to this office for reply. You pose the question as to whether sales of tangible personal property to the Housing Authority of the City of Long Beach are exempt from tax by virtue of section 6381 of the Revenue and Taxation Code.

Section 6381 provides that:

"There are exempted from the computation of the amount of the sales tax the gross receipts from the sale of any tangible personal property to:

“(a) The United States, its unincorporated agencies and instrumentalities;

“(b) Any incorporated agency or instrumentality of the United States wholly owned by the United States or by a corporation wholly owned by the United States;

“(c) The American National Red Cross, its chapters and branches.

“This exemption does not extend to the rentals payable under a lease of tangible personal property.”

Since the housing authority of the city is 100 percent financed by the United States, you conclude that it could be “construed as being a Federal Housing Authority, although it is controlled by City-appointed officials.”

In our opinion a governmental authority of a city of this state cannot be regarded as an incorporated agency or instrumentality of the United States within the meaning of those terms as used in section 6381, even where the authority is wholly financed by the United States.

The Federal Public Housing Authority 'was a creature of the United States [First War Powers Act, 1941, 55 Stat. L. 838; Executive Order No. 9070, Feb. 24, 1942, 7 FR 1529]. The city authority draws its power and authority from the City of Long Beach and, ultimately, from the State of California.

In the past we have said that community action organizations under title II of the Economic Opportunity Act of 1964 (P. L. 88-452) are not agencies or instrumentalities of the United States [Cal. Tax. Ser. Anno. 1911.35, p. 3570.2] and that state or local governmental agencies, merely in using funds supplied by the federal government to make purchases, do not become entitled to the benefit of the exemption for sales to the United States [Cal. Tax Ser. Anno. 1912.00, p. 3571]. The principle underlying these annotations is equally applicable to the case at hand.

Very truly yours,

Gary J. Jugum
Assistant Tax Counsel

GJJ:ph