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**STATE BOARD OF EQUALIZATION**

April 10, 1968

Dear Dr.

This is in reply to your letter of March 18 to Mr. Lloyd Palm requesting a ruling on the application of tax on sales made to Medi-Cal patients.

We understand that your concern is over the propriety of the approving officer of San Francisco county disallowing payment of sales tax reimbursement on sales made to your Medi-Cal patients.

The California Sales and Use Tax Law is a tax on retailers for the privilege of engaging in business in this state. Sales tax applies to sales of tangible personal property and the retailer must collect and pay to the state tax measured by the sales price. The only exemption from liability for tax is provided by statute. There is no statutory exemption for sales to Medi-Cal patients. Such sales are taxable to the extent that they would be if made to persons other than Medi-Cal patients. The fact that payment is made by a governmental agency does not change the result since such agencies are not exempt.

If you have any further questions, please feel free to write.

Very truly yours,

T. P. Putnam  
Tax Counsel

By Burt E. Banks