

**STATE BOARD OF EQUALIZATION**

(916) 445-8900

April 18, 1966

Mr. R--- S. B---
---, ---, ---
Accountancy Corporation
XXX --- ---, Suite XXX
--- ---, CA XXXXX

Dear Mr. B---:

Re: M--- I---
XXXX --- ---
---, CA XXXXX
SR -- XX-XXXXXX

Thank you for your letter requesting advice on the application of sales tax to sales of hospital data in graph form. You state that:

“The taxpayer is engaged in the business of compiling statistical data and providing the results to his clients in the following manner. The data gathered is based upon various aspects of the hospital industry, that is, room usage, rates, etc. This data is entered into a computer which sorts, compiles and stores the information. The computer prints this information in graph form showing various trends of a particular hospital or hospitals. These graphs are then provided to the various hospitals or other interested parties who subscribe to the service. The amount of information that is provided to each client depends upon the terms of the specific agreement with that client. For example, a hospital might want information that is gathered only for his particular hospital, or he might want the information on all the hospitals in his area.

“Presently, the data is gathered, updated and provided to the subscribers on a quarterly basis. As the volume and demand for this service increases, it is planned to provide the service on a monthly basis.”

You ask whether the described activity would be classified as a service enterprise under Regulation 1501. We conclude that the sale of printed hospital data in graph form to various subscribers is a sale of tangible personal property and not a service. Since the data will be prepared for sale to any subscriber who wishes to order it and will not be furnished to a single customer pursuant to that customer's special order, the true object sought by the buyer is the printed material in its physical form and not the service of compiling the data. The graphs are just as taxable as are books or other printed matter.

You also inquire whether the graphs qualify as exempt periodicals under Regulation 1590. Based upon your description, we assume that the data which will be furnished to subscribers on a quarterly or monthly basis will not include any text. We have consistently held that this type of material which lacks literary content, does not qualify as a periodical. We conclude, therefore, that the gross receipts from the sale of the described hospital data in graph form are subject to sales tax.

Very truly yours,

Richard H. Ochsner
Tax Counsel

RHO:jw