



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

LEGAL DIVISION (MIC:82)
 450 N STREET, SACRAMENTO, CALIFORNIA
 (P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)
 (916) 324-2642

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June 7, 1994

BURTON W. OLIVER
 Executive Director

Mr. REDACTED TEXT

Re: REDACTED TEXT

Dear Mr. REDACTED TEXT:

This is in response to your letter dated April 4, 1994. You are a retail boat dealership. As a promotional venture, you want to loan two boats (presumably from your resale inventory) to Associated Students (Associated), Mission Bay Aquatic Center, San Diego State University, San Diego. The boats would be used by Associated to teach boating safety and water skiing courses. You ask whether this loan to Associated would be exempt from Taxation under Regulation 1669(d).

Subdivision (a) of Revenue and Taxation Code section 6404 states:

"The loan by any retailer of any tangible personal property to any school district for an educational program conducted by the district is exempt from the use tax." (This language is repeated in subdivision (d) of Regulation 1669.)

This provision applies only to loans to school districts. Another provision of section 6404, subdivision (b), provides an exemption for certain specific loans to the University of California or to the California State University:

"The loan by any retailer of any motor vehicle to the University of California or to the California State University for the exclusive use in an approved driver education teacher preparation certification program conducted by the university or the state university is exempt from the use tax."

If a loan of property to California State University could qualify for the subsection (a) exemption, there would be no need for the more narrow exemption in subdivision (b) which applies only to the loans of vehicles. That is, the California State University is not a school district as that term is used in subdivision (a) of section 6404. (See also Educ. Code § 66600, et seq. (California State University operates as a public trust).) Therefore, the tax exemption available for loans of any tangible personal property to any school district, under section 6404(a), is not available for the

Mr. Peter G. Maly

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proposed loan of two boats.

While subsection (b) of Revenue and Taxation Code section 6404 provides exemption for loans to California State University at San Diego, qualifying loans of property are limited to loans of motor vehicles, and do not include boats. Furthermore, you plan to loan property to Associated rather than the California Sate University at San Diego. Thus, even if your loan were to be vehicles, that loan would not qualify for the exemption provided by subdivision (b) of section 6404.

If you have further questions, feel free to write again.

Sincerely,

Pat Hildebrand
Staff Counsel

PH:cl
correct.ltr

cc: San Bernardino District Administrator