



STATE BOARD OF EQUALIZATION

March 8, 1968

Gentlemen:

Your letter of February 8, 1968 to Mr. John T. Quick of our Pasadena office has been forwarded to the undersigned for reply.

You raise the question of whether private nonprofit schools are considered "school districts" so that retailers who loan automobiles to them are exempt from use tax.

You correctly interpret Section 6404 in that the exemption from use tax on property loaned for educational purposes is applicable only to loans to public school districts.

The Education Code does distinguish between public and private schools with Part 4, Division 21, Chapter 1 through 5 interpreting the duties and responsibilities of parochial and private schools. Numerous references are also made throughout the entire Education Code to requirements for private and parochial schools to maintain their separate identities. In addition, the courts have defined a school district in the following language:

“...a school district is an involuntary political division of the state, created by or under the authority of general laws.” (Butler v. Compton Junior College Dist., 77 Cal. App. 2d 719.)

Had the Legislature intended private schools to be considered school districts, it must be assumed that appropriate language would have been used. Thus, private schools are not school districts within the Sales and Use Tax Law and the exemption provided under Section 6404 for property loaned to school districts is not available when loans are made to private schools.

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

Very truly yours,

T. P. Putnam
Tax Counsel

By Burt E. Banks
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