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**STATE BOARD OF EQUALIZATION**

Reg. 1590  
Fresno Pennysaver qualifies as an exempt periodical.

916 / 445 -6493

January 18, 1984

No Permit

Dear ---

This is in reply to your letter of November 5, 1983. You request that we review our decision expressed in our November 2, 1983 letter to you that the Fresno Pennysaver does not qualify as a tax exempt periodical. You have enclosed a copy of the October 19, 1983 issue of this publication for our review.

We have further considered this matter and now conclude that the Fresno Pennysaver qualifies as a tax exempt periodical under Regulation 1590. It appears that in addition to the advertising portion, this publication contains current television program listings and news articles on local community and sporting events. Although your publication is a shopping guide, the advertising portion does not exceed 90 percent of printed area of the entire issue in more than one-half of the issues during a 12-month period. Therefore, your publication qualifies for exemption from sales tax under Revenue and Taxation Code Section 6362 (a) and Sales and Use Tax Regulation 1590, as a periodical regularly issued at average intervals not exceeding three months.

Tax does not apply to ink, staples, paper, or other materials physically incorporated into your publication. Tax does not apply to charges made to you for printing the publication. Tax does not apply to separately itemized charges for artwork, photographs, and printing aids used in the production of periodicals if ownership of the items is retained by the printer. Furthermore, tax does not apply to charges made to subscribers or other persons who purchase your publication.

Charges for artwork, photographs, and printing aids used in the production of your exempt periodicals are taxable if you acquire ownership of these items, whether these items are

delivered to you or retained by the printer as your property. Tax applies because these items are not physically incorporated into the exempt publication.

If you have any further questions concerning this matter, please write this office.

Very truly yours,

Charles J. Graziano  
Tax Counsel

CJB: ba