



STATE BOARD OF EQUALIZATION

2545 Prepared bacteriological-culture-media not medicine.
MEDICINES – Sales Tax – Medicines – Bacteriological Culture
Media – Pharmacists of Prescription Medicine

June 29, 1966

X-----

Dear Mrs. X-----,

This is in reply to your letter of June 19, 1966, regarding the application of the sales tax with respect to the sales of a prepared bacteriological culture media to hospitals and medical laboratories. Section 6369 of the Revenue and Taxation Code provides that under certain enumerated circumstances, the gross receipts from the sale, storage, use, or other consumption in this state of “medicines” are exempted from the sales tax. The term “medicine” is defined to mean and include any substance or preparation intended for use by external or internal application to the human body in the diagnosis, cure, mitigation, treatment or prevention of disease.

From your letter, we understand that the culture is to be prepared in Petri dishes and test tubes and will be used exclusively for medical diagnostic purposes and is not intended for external or internal application to the human body. In view of the foregoing, the culture does not qualify as a “medicine” as that term is used in § 6369 of the code. Accordingly, sales of culture are not exempt from the sales tax.

You also mentioned in your letter that you understood “Uroscreen” [Urotest] is exempt from taxation as a diagnostic medicine. Although there is an annotation to this effect, it is misleading since the letter on which the annotation is based stated that Uroscreen would be a medicine within the meaning of the act and would be exempt from taxation provided it were used by external or internal application to the human body.

Very truly yours,

E. H. Stetson
Tax Counsel

GLR:em

Cc: Santa Rosa – District Administrator