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**STATE BOARD OF EQUALIZATION**

July 18, 1951

[Y]

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Attention: Mr. [S]

Re: S- -- XX XXXXXX

Gentlemen:

We acknowledge your telegram stating you have not received a reply to your letter of February 26 regarding the application of the State sales tax to what we assume to be sales to [Y] of merchandise paid for out of federal funds granted to the county. We have been unable to locate this letter in our files and shall be very glad to have you forward a copy to us and we assure you it will receive prompt attention.

From the content of your telegram we are inclined to believe that the situation is such that the sales tax is applicable for the reason that the sales are made to the [Y] and not to an instrumentality of the United States. The mere fact that a state or local governmental agency uses funds supplied by the federal government to make purchases does not render the sales tax inapplicable since under the statute (section 6381 of the Revenue and Taxation Code) exemption is granted with respect to sales to the United States and its instrumentalities and agencies other than corporate instrumentalities or agencies not wholly owned by the United States.

The California sales tax is not a tax upon the purchaser even though the purchaser pays more to get the goods on account of the tax. Our courts have uniformly held that the tax is upon the retailer for the privilege of selling tangible personal property and, insofar as the purchaser is concerned, is a part of the price and not a tax. (See Western Lithograph Co. v. State Board of Equalization, 11 Cal. 2d 156.)

Very truly yours

E. H. Stetson  
Tax Counsel