STATE BOARD OF EQUALIZATION

August 23, 1966

Mr. W--- J. A---
Attorney at law
C--- & A---
XXX West XXth Street
---, CA XXXXX

G--- E--- C--- Corp.

Community Antenna Television

Dear Mr. A---:

Your letter of July 29, 1966, to our district office, has been referred to this office for reply.

It appears from the facts set forth that your client, G--- E--- C--- Corporation, is properly regarded as the consumer under sales and use tax ruling 11, copy enclosed, of all of the wire, poles, and other equipment with which it installs a community antenna television system. Thus, sales tax would apply to the sale of such materials and equipment to your client.

There is no resale in view of your statement that all of the equipment remains the property of the company, no equipment being sold to the subscriber. The one-time fee charged to the subscriber for installation, and the monthly service charge of providing television signals, is not taxable as it does not represent, as we understand it, a charge for tangible personal property. We would not regard this as in the nature of a rental.

As far as we are aware, the foregoing represents the basic application of the tax that has been followed, at least since September 17, 1965, the effective date of § 6016.5 of the Sales and Use Tax Law. This section changed the status of telephone and telegraph lines, which has been interpreted to include lines for the transmission of other types of communication, from personal property to real property for purposes of the Sales and Use Tax Law. See the history note following the section regarding its prospective application.

Very truly yours,

E. H. Stetson
Tax Counsel

EHS:fb
Enclosure
cc: Sacramento – District Administrator