

**Memorandum****550.1355**

To: District Principal Auditors

Date: August 6, 1990

From: Glenn A. Bystrom  
Principal Tax Auditor

Subject: Sales of Beer and Wine at Colleges and Universities

In my May 17, 1990 memo to you concerning the above subject, I asked for information as to audits in progress or completed in the last two years where the sale of beer and wine was an audit issue or where such sales were self-reported.

From the responses received, it appears that the subject sales are an issue in two current audits – the REDACTED TEXT audit of REDACTED TEXT, and the REDACTED TEXT audit of REDACTED TEXT. There were no reports of problems in audits completed within the past two years.

In the course of our investigation, we determined that there are no special Alcoholic Beverage Control regulations which apply to the sale of alcoholic beverages by colleges or universities or by the student organizations at the schools. These organizations are required to be licensed in the same manner as any other dining facility serving alcoholic beverages. The ABC regulations make no distinction between sales to students or non-students.

Under Section 6363 of the Sales and Use Tax Law, the sale of meals by colleges or universities (or student organizations at the school) is exempt when sold to a student. After lengthy discussions with the legal staff, we have concluded that the sale of non-food beverages such as carbonated beverages, beer, wine, and distilled spirits are exempt when included in a meal which is sold to a student for a single price. Non-food beverages are not exempt when sold alone or sold with food items but individually priced. Also, non-food beverages sold to teachers, staff, or guests are not exempt no matter how they are sold. A single food item sold with a non-food beverage can constitute a meal.

The REDACTED TEXT and REDACTED TEXT Districts should continue the current audits using the above guidelines. If the taxpayer does not agree with the results of the audit, normal appeal procedures should be followed.

The purpose of this memo is not to encourage the audit of colleges or universities or their student organizations. An audit should be conducted only if there is specific knowledge of a problem or if the permit has been routinely selected as a result of the annual audit selection process.

GAB:ama:0029N

cc: Ms. Judy A. Agan  
Mr. Robert Nunes

To: Mr. Glenn Bystrom

July 10, 1996

From: Gary Jugum

Subject: Non-Attorney Opinions

I have received your memorandum of August 6, 1990 to all District Principal Auditors.

We are in agreement with your conclusion, as follows:

**Sales of Beer and Wine at Colleges and Universities.** There are no special Alcoholic Beverage Control (ABC) regulations which apply to the sale of alcoholic beverages by colleges or universities or by the student organizations at the schools. These organizations are required to be licensed in the same manner as any other dining facility serving alcoholic beverages. The ABC regulations make no distinction between sales to student or nonstudents.

The sale of nonfood beverages such as carbonated beverages, beer, wine, and distilled spirits are exempt when included in a meal which is sold to a student for a single price pursuant to Regulation 1603(j)(2). Nonfood beverages are not exempt when sold alone or sold with food items but individually priced. Also, nonfood beverages sold to teachers, staff, or guests are not exempt no matter how they are sold. 8/6/90.