

Memorandum

To: R. O. Padilla
Compliance Planning & Evaluation Unit

Date: September 1, 1983

From: John Abbott
Tax Counsel

Subject: Revenue & Taxation Code Section 6359.45
Nonprofit, Charitable, and Education Organizations – Vending Machines

In your memorandum to Legal dated July 27, you quote new Revenue and Taxation Code Section 6359.45, effective August 1, 1983, which provides that a “nonprofit, charitable, or education organization” is a consumer of, and not a retailer of, tangible personal property sold through a vending machine for 15 cents or less.

You ask whether the section applies to all nonprofit organizations, or only to nonprofit charitable or education organizations.

This is a situation in which the placement of a comma determines the interpretation. Because a comma follows the word “nonprofit” in section 6359.45, “nonprofit” modified “organization” and does not modify either “charitable” or “education.” The words “nonprofit,” “charitable,” and “education” are words in a series, each of which independently modifies “organization.”

Our conclusion is that section 6359.45 categorizes as consumers for purposes of the section:

- (1) All nonprofit organizations, regardless of purpose;
- (2) All charitable organizations; and
- (3) All education organizations, whether for profit or not for profit.

JA:ss