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**STATE BOARD OF EQUALIZATION**

November 1, 1963

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Attention: X-----  
Administrator

Gentlemen:

Our Principal Tax Auditor, Mr. Hal A. Dickson, has requested me to reply to your letter of September 25 concerning the exemption of sales of medicines from the sales tax. We enclose a copy of the sales and use tax ruling 22 as amended to incorporate the changes in the law which were amended by AB 825 by the 1963 regular session of the State Legislature.

Answering your specific questions:

1. The exemption is provided by section 6369 of the California Sales and Use Tax Law.
2. Under the law as amended, no distinction is made between hospitals of less than 100-bed size, not employing a full-time registered pharmacist, and other hospitals.
3. The exemption originally became effective January 1, 1962. The 1963 amendment became effective September 20, 1963.
4. You may request your suppliers for a refund of the amount of tax which you have paid to them, and request them to file refund claims with the board. Following verification, those claims will be approved and refunds made to the suppliers upon condition that the suppliers return the amount of the tax to the hospitals from which it was collected. The refund will, of course, be approved only with respect to items which constitute merchandise within the definition set out in the law as in effect at the time of the sales and as to property administered under the direction of a physician.

5. The enclosed copy of ruling 22 explains the scope of the exemption under existing law.

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:o'b

Enc.

Cc: Santa Barbara – Subdistrict Administrator