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**STATE BOARD OF EQUALIZATION**

July 29, 1970

Dear Mr. [X]:

Confirming our telephone conversation of Tuesday, July 28, in response to your letter of July 23, sales of meals and food products in the cafeteria which you operate for your employees are exempt from sales and use tax under Revenue and Taxation Code Section 6375 and Ruling 40.

As outlined in your letter, the primary purpose in providing the cafeteria service is to be certain that your disabled employees have at least one nourishing and well-balanced meal a day at a price they can afford. To this end, your organization subsidizes the meal service about 50 percent. As a result, these employees receive a complete luncheon meal for \$.50. Purchases of food average from \$.25 to \$.75.

These sales are made principally as a matter of assistance to purchasers in a distressed financial condition. Well over 50 percent of the meals are served to disabled persons whose incomes are at or below the poverty level, that is, \$225 per month.

Your organization has previously applied for and received the "welfare exemption" from property tax under Section 214.

Very truly yours,

Lawrence A. Augusta  
Tax Counsel

LAA:lt      [lb]