



STATE BOARD OF EQUALIZATION

April 8, 1965

Associate Tax Counsel (GAT)

Re: Rental of Breathing Apparatus and Equipment

Your letter of April 2 addressed to Mr. Edward H. Stetson, Tax Counsel, has been referred to the undersigned for reply.

It is our understanding from your letter that certain county welfare departments have been paying for the rental of breathing apparatus and equipment for use by persons under the California Public Assistance Medical programs. Payments are made out of the Medical Care Fund which is composed of state and federal funds.

We further understand from your letter that the equipment may be purchased either in the name of the county welfare department or in the name of the recipient. In cases on discontinuance of aid, the equipment is returned to the county welfare department for issuance to some other recipient.

In reply to your specific inquiry, if the firms which rent the breathing apparatus and equipment to the county welfare departments have purchased it ex tax, they are authorized to charge and report tax measured by their rental receipts.

Where they make retail sales of such apparatus and equipment to county welfare departments pursuant to rental-purchase agreements, their gross receipts from such sales are, likewise, subject to sales tax. In view of the foregoing, county welfare departments are not authorized to obtain a sales tax permit in order to avoid payment of the tax.