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April 4, 1977

#77/56

TO COUNTY ASSESSORS:

EXEMPTION OF VENDING MACHINES
LOCATED ON PUBLIC SCHOOL PROPERTY

We have received several inquiries recently in regard to the status of vending machines located on school property. The typical situation is where the principal of the school contracts with a profit-making vending machine company to put machines on the school grounds with the school getting a portion of the receipts. These receipts go to the student body. The question is whether such vending machines were eligible for the public school exemption, as defined in Section 3(d) of Article XIII of the State Constitution and Section 202.6 of the Revenue and Taxation Code.

Section 202.6 of the Revenue and Taxation Code exempts personal property "used exclusively in the performance of activities authorized by Article 5 (commencing at Section 10701)...of the Education Code...by a student body organization acting pursuant to those provisions...." Section 10702 authorizes student body organizations to sell food. The terms of Section 10701 are met when the student body organization receives the receipts from vending machine service. Assuming that the vending machines dispense material which can be classified as "food," the machines are personal property used exclusively in the performance of activities authorized by Article 5 of the Education Code; and should, therefore, be exempt under Section 202.6 of the Revenue and Taxation Code. The fact that the vending machine company may be profit-making does not disqualify the activity under the Education Code.

This conclusion relates solely to property qualifying for the public school exemption under Section 3(d) of Article XIII.

Sincerely,

Jack F. Eisenlauer

Jack F. Eisenlauer, Chief
Assessment Standards Division

JFE:ebv