



205.0140

Mr. Verne Walton

August 8, 1980

Ken McManigal

Business Inventory Exemption

This is in response to your July 17, 1980, memorandum to Glenn Rigby concerning two July 11, 1980, Riverside County inquiries pertaining to the application of the exemption.

The first is whether maps, tourbooks, etc. held by the American Automobile Association for distribution to its members are eligible therefor. Such items are available to members upon request.

Initially, we would regard the service provided by the Association as a non-professional service rather than as a professional one for purposes of the exemption.

Going back in time to the point at which automobile repair service was the almost exclusive, if not exclusive function of automobile associations or clubs, automobile replacement parts held by them or their representatives for use in conjunction with such service would have been eligible for the exemption as goods transferred in the rendition of a non-professional service. Presently, however, automobile associations or clubs offer maps, tourbooks, etc.; trip planning and travel arrangements; travelers' checks; and other travel-related services, in addition to automobile repair service, in return for payments of established monthly, quarterly, bi-annual or annual fees. Such fees, presumably, are calculated to cover the costs of such maps, tourbooks, etc., as well as costs of automobile replacement parts. Under the circumstances, we believe that such maps, tourbooks, etc., are eligible for the exemption.

We would liken the Association's situation to that set forth in Question and Answer D7 in the April 25, 1980, Letter to Assessors No. 80/69, Business Inventory Exemption:

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"Are clothes hangers and plastic bags held by dry cleaners subject to the business inventory exemption?"

Answer: Yes, because they are delivered to customers regularly as part of the non-professional service performed."

Maps, tourbooks, etc. are also delivered to customers regularly as part of the Association's service. As dry cleaners' charges include amounts for clothes hangers and plastic bags, such that it can be concluded that they are held for sale to customers, the Association's fees presumably include amounts for maps, tourbooks, etc., such that it can be similarly concluded.

The second involves tires and whether or not they were leased on the March 1 lien date. As we understand that additional information will be forthcoming in this regard, we are delaying our consideration thereof.

JKM:fr
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cc: Mr. Gordon P. Adelman
Mr. Robert H. Gustafson
Mr. Bud Florence