

**Final Statement of Reasons for  
Adoption of Proposed Amendments to California Code of Regulations,  
Title 18, Section 1506, Miscellaneous Service Enterprises**

Update of Information in the Initial Statement of Reasons

The factual basis, specific purpose, and necessity for the proposed amendments to subdivision (h) of California Code of Regulations, title 18, section (Regulation) 1506, *Miscellaneous Service Enterprises*, are the same as provided in the Initial Statement of Reasons.

The State Board of Equalization (Board) did not rely on any data or any technical, theoretical, or empirical study, report, or similar document in proposing or adopting the amendments to Regulation 1506, subdivision (h) that was not identified in the Initial Statement of Reasons, or which was otherwise not identified or made available for public review prior to the close of the public comment period.

The Board did not reject any reasonable alternatives to the proposed amendments to Regulation 1506, subdivision (h) or any alternatives that would lessen the adverse economic impact on small businesses. No alternative amendments were presented to the Board for consideration.

Furthermore, the Board has determined that the proposed amendments to Regulation 1506, subdivision (h) will not have a significant adverse economic impact on business.

No Mandate on Local Agencies or School Districts

The Board has determined that the proposed amendments to Regulation 1506, subdivision (h) do not impose a mandate on local agencies or school districts.

Response to Public Comment

On October 31, 2010, Chad Plantenberg of Redwood Glen Christian Camp and Conference Center emailed the Board a question regarding the specific application of the proposed amendments to Regulation 1506, subdivision (h) and asked: “What if an organized camp meets the educational qualifications under some of its functions, but not all – are all meals non-taxed then, or just the ones related to the educational function?” Therefore, on November 1, 2010, the Board emailed Mr. Plantenberg the following response to his question:

Under the proposed revisions to Regulation 1506, a camp’s sales of meals to students are nontaxable only when the camp meets the requirements of Regulation 1506(h)(2):

- The camp conducts regularly scheduled classes,

- Students are required to attend the classes,
- Qualified instructors are in charge of the classes, and
- The camp is an “organized camp” as defined in California Health and Safety code section 18897

When the camp does not meet these requirements, sales of meals are generally subject to tax. For example, a camp holds summer camp sessions that meet the requirements of Regulation 1506(h)(2) and weekend retreats that do not meet the requirements (e.g., classes are not regularly scheduled, or campers are not required to attend classes). Meals are served at the camp’s dining hall for all events.

In this example, sales of meals to students are not taxable during the summer camp sessions; however, meals sold to non-students, such as meals sold to staff and guests, are taxable. All meals sold during the weekend retreats are taxable.

On December 14, 2010, the Board held a public hearing on the proposed amendments to Regulation 1506, subdivision (h) and unanimously adopted the proposed amendments without any changes. No interested parties asked to speak at the public hearing and no interested parties submitted written comments objecting to the adoption of the proposed amendments or recommending alternative amendments.

#### Alternatives Considered

By its motion, the Board determined that no alternative to the proposed amendments to Regulation 1506, subdivision (h) would be more effective in carrying out the purpose for which the amendments are proposed or would be as effective and less burdensome to affected private persons than the proposed amendments.

#### No Federal Mandate

The adoption of the proposed amendments was not mandated by federal statutes or regulations and there is no federal regulation that is similar to Regulation 1506, subdivision (h).