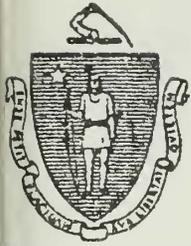


The Commonwealth of Massachusetts

Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204



JOYCE HAMPERS
COMMISSIONER

September 22, 1982

("Company") is a private for-profit contractor that operates the Job Corps Center ("Job Corps Center") on behalf of the United States Secretary of Labor. The Job Corps Center provides a comprehensive job training program for about 550 young people, most of whom reside at the center. You inquire whether the Company must pay Massachusetts sales or use taxes on its purchase or use of tangible personal property attributable to operation of the Job Corps Center.

Under General Laws Chapter 64H, Section 6(a) and General Laws Chapter 64I, Section 7(b), sales which the Commonwealth is prohibited from taxing under the Constitution or laws of the United States are exempt from the Massachusetts sales and use taxes.

29 U.S.C. s. 939(c) (Supp. IV 1981) provides that:

"Transactions conducted by private for-profit contractors for Job Corps centers which they are operating on behalf of the Secretary of Labor shall not be considered as generating gross receipts."

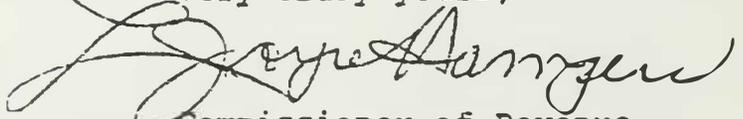
September 22, 1982

The federal regulations interpreting Section 939(c) provide in part that:

- "(a) ... 'Transactions' shall include:
- (1) Sales to private for-profit contractors of tangible personal property or services for resale to the Government;
 - (2) Use of such property or services (whether purchased or Government furnished) by private for-profit contractors; and
 - (3) Reimbursements to such contractors for allowable items of cost, including materials, labor, overhead and general and administrative costs.
- (b) Therefore, private for-profit contractors shall not be liable to any State or subdivision thereof with respect to gross receipts taxes, business privilege taxes measured by gross receipts, or any similar taxes imposed on, or measured by, gross receipts, in connection with any payments made to them for operating any Job Corps center; and such contractors shall not be liable to any State or subdivision thereof to collect or pay any sales taxes, or to pay any complementary use taxes imposed on the sale to, or use by, such contractors of any property or services in operating any Job Corps center."
- 20 C.F.R. s. 684.135 (1981).

Based on the foregoing, it is ruled that the Company's purchase or use of tangible personal property that it uses exclusively in operating the Job Corps Center for the United States Secretary of Labor is exempt from the sales and use taxes.

Very truly yours,



Commissioner of Revenue

LJH:JXD:mf

LR 82-88