Sales Tax Charge In Line With State Policy

By GRIFFIN SMITH

The university administration is on solid legal ground in charging residents a two per cent state sales tax on meals, according to state officials.

This selective tax went into effect September 1, 1961 and applies to all meals served in restaurants, including college dining halls, since that time. It does not apply to room rent.

Although residents paid their first semester board before September first, a legal technicality requires that the tax be paid. The total cost to residents is $12 per year.

CONTROVERSY arose over the tax on Tuesday, when memoranda were sent to all students on campus from the cashier’s office, pointing out that the tax was applicable to the yearly board charges and requesting payment of the first $6 immediately.

The principal confusion was over the first semester board, which residents had paid before the sales tax went into effect on September 1. Many students felt this was an “ex post facto” decision on the part of the university.

MR. CLIFFORD Hodde, of the Comptroller’s Office in Houston, and Mr. Fred Russ of the State Sales Tax Division in Austin, were interviewed by the Thresher in an effort to clarify the legal questions involved.

Rice’s situation seems to fall under two rulings recently made, Mr. Hodde said. One of these states that meals served in universities by their cafeterias are subject to the tax. The other, dealing with contract relationships, subjects all agreements made before September 1, 1961 to the tax, unless the actual title has changed hands.

MR. RUSS explained further that the Rice room-and-board agreement is just such a contract. “You have not received the merchandise,” he said. “You have simply paid in advance.” The contract is being fulfilled after September 1, as the meals are eaten, and thus it is subject to the tax.

THE REASON for such a provision in the law, he said, was to prevent retailers from ordering large quantities of goods before the tax went into effect, and having them delivered at a much later date. For example, “under your reasoning, a store could order 500 refrigerators in August, to be delivered some time in 1965.” Even though Rice residents were required to pay in advance for their meals, and of course were “not trying to evade the law,” the tax still applies.

So: send your money to the cashier, and your complaints to Austin.