



**THE ATTORNEY GENERAL
OF TEXAS**

AUSTIN 11, TEXAS

**JOHN BEN SHEPPERD
ATTORNEY GENERAL**

February 9, 1954

Hon. Robert S. Calvert
Comptroller of Public Accounts
Capitol Station
Austin, Texas

Opinion No. S-122

Re: Applicability of the tax on
coin-operated machines im-
posed by Article 7047a-2, et
seq., V.C.S., to coin-operat-
ed devices installed solely as
a service to the customers.

Dear Mr. Calvert:

Your request for an opinion from this office reads
in part as follows:

"... There are now a number of coin-operated
rides located in business establishments such as: gro-
cery stores, department stores, drug stores, etc. The
operators and owners of these rides state that the rides
are installed by the establishments solely as a service
to their customers. The machines do not dispense any
merchandise."

The definitions of terms and phrases as used in the
"coin-operated machine tax" statute appear in Article 7047a-2,
V.C.S. Subsection (f) reads as follows:

"The term 'service coin-operated machines' shall
mean and include pay toilets, pay telephones and all other
machines or devices which dispense service only and not
merchandise, music, skill or pleasure."

Article 7047a-4 states as follows:

"Gas meters, pay telephones, pay toilets, and cigar-
ette vending machines which are now subject to an occu-
pation or gross receipts tax and 'service coin-operated
machines' as that term is defined, are expressly exempt
from the tax levied herein, and the other provisions of
this Section."

A determination that the machines are installed sole-
ly as a service to the customers of the various business establish-
ments warrants the exemption of these devices from the tax as

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"service coin-operated machines."

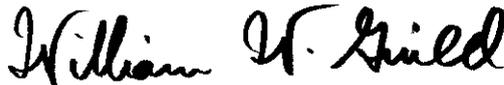
You refer us to our Opinion No. S-91. The statement of facts in this earlier opinion indicates machines devoted to the dispensing of pleasure. The devices described in your present request denote the dispensing of a service as distinguished from the dispensing of pleasure.

SUMMARY

Coin-operated machines installed in business establishments solely as a service to the customer are exempt from the coin-operated machine tax.

Yours very truly,

JOHN BEN SHEPPERD
Attorney General

By 
William W. Guild
Assistant

APPROVED:

W. V. Geppert
Taxation Division

Robert S. Trotti
First Assistant

John Ben Shepperd
Attorney General

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