



STATE BOARD OF EQUALIZATION

November 2, 1962

W--- & S---  
Attorneys at Law  
XXXX --- Boulevard  
--- --- XX, California

“Tangible Personal Property”  
Under Sales and Use  
Tax Act

Attention: Mr. M--- E. S---

Gentlemen:

We regret the delay in replying to your letter of September 26.

Although sales of fractional interests in tangible personal property are regarded as subject to sales tax, we do not believe that “breeding shares,” as you describe them, constitute tangible personal property for sales tax purposes.

Since the use tax was not paid to DMV, the tax was properly assessed in the audit.

We reach this conclusion in view of your statement that “a share owner’s sole rights under the agreement generally are to have a thoroughbred mare bred to such stallion once each year during the breeding season without charge.”

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:fb

cc: --- --- (--) – Subdistrict Administrator