


**STATE BOARD OF EQUALIZATION**

450 N STREET, SACRAMENTO, CALIFORNIA  
 (PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0082)  
 TELEPHONE (916) 323-3787  
 FAX (916) 323-3387

JOHAN KLEHS  
 First District, Hayward

DEAN F. ANDAL  
 Second District, Stockton

ERNEST J. DRONENBURG, JR.  
 Third District, San Diego

BRAD SHERMAN  
 Fourth District, Los Angeles

KATHLEEN CONNELL  
 Controller, Sacramento

E. L. SORENSEN, JR.  
 Executive Director

December 2, 1996

Mr. C--- J--- W---, LL.M.  
 W--- & C---  
 Attorneys at Law  
 XXXX --- --- Drive, Suite XXX  
 --- ---, CA XXXXX

**Re: Revenue and Taxation Code Section 6009.1**

Dear Mr. W---:

This is in response to your letter dated October 25, 1996 regarding the application of Revenue and Taxation Code section 6009.1 when a vessel is first functionally used outside the State of California, is subsequently transported to California for reassembly, and is thereafter transported and used outside the State of California.

If the vessel re-enters the State of California more than six months after the date the vessel left California, the use of the vessel in this state is not subject to use tax. We disagree with your conclusion that, as long as the vessel is first functionally used outside the State of California, its entry into California for re-assembly for the purpose of subsequently transporting it outside the state for use thereafter solely outside the state is not counted "as if the vessel never came into California." Revenue and Taxation Code section 6009.1 provides that "storage" and "use" do not include keeping, retaining or exercising any right or power over tangible personal property only when it is for the purpose of subsequently transporting the property outside the state for use thereafter solely outside the state. The Board of Equalization does not ignore the fact that the property was brought into California and, therefore, does not disregard the application of subdivision (b)(3) of Regulation 1620.

Please write again if you have further questions.

Very truly yours,

Charlotte Chyr  
 Tax Counsel

CC:cl

cc: --- --- District Administrator