November 26, 1958

Attn: M

Gentlemen:

Following our most recent conference on this matter, we have given further consideration to the question of the applicability of the sales tax with respect to sales of freight containers to your client and have conferred informally with the Office of the Attorney General.

We have reviewed the memo which you submitted at the conference and have submitted a copy of that memo to the Attorney General's office. That office has stated to us that it believes the watercraft exemption, Section 6368 of the Sales and Use Tax Law, is not applicable to sales of the freight containers to be used in the manner set forth in your various memoranda and in your conferences with the undersigned. We have already indicated that this is our view.

Very truly yours

E. H. Stetson
Tax Counsel

EHS:tl
cc: San Francisco - Admin.