

**STATE BOARD OF EQUALIZATION**

**OFFICE CORRESPONDENCE**

**110.0360**

Sacramento  
May 4, 1951

To: Mr. W. S. Freeland

From: R. G. Hamlin

Re: J. B. H--- Co.  
P. O. Box XXXX

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Acct. D-XXXX

In response to your inquiry of April 30 concerning the elimination of the gross receipts from sales of "Hilco PN Mash" by the above-named taxpayer from the determination issued against it, we are enclosing a copy of our memorandum of April 13 to Mr. V--- E--- of this office.

As indicated by the memo to Mr. E---, the staff of this office has held a number of conferences with members of the California Hay, Grain and Feed Dealers Association for the purpose of ascertaining the proper application of the tax to feeds containing drugs or other non-nutritive ingredients. These conferences resulted in the conclusion expressed in our memorandum.

With respect to "Hilco PN Mash," it appears that the product is similar to many other products sold for the purpose of preventing and controlling worms, rather than as a medicine. The label used by the J. B. H--- Co., however, tended to exaggerate the medicinal features of the product and led us to our initial conclusion that sales of this product should be subject to the tax. Upon further review of the matter, we have concluded that the application of the tax should be determined by the actual character of the product rather than by misleading statements contained in the label or tag. In this respect Mr. R--- H--- indicated that the label for this product will be changed.

RGH:HB