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**STATE BOARD OF EQUALIZATION**

October 14, 1953

Attention:

Vice President

Gentlemen:

In your letter of October 7 you state that some of the sales taxes paid in connection with the production of a motion picture for the United States Air Force which was the subject of our letter of September 30 was paid in connection with quantity release prints supplied after the production had been completed. We presume that these amounts were paid to your vendors as reimbursement for the tax with respect to materials becoming a component part of these release prints.

As we understand the facts, these prints were furnished pursuant to the contract under which you produced the picture. Accordingly, they are included in the "production" of which you are considered the consumer in Ruling 19 as explained in our letter September 30.

Under the Board's interpretation, the motion picture "production" is a motion picture prepared for showing on screens or through television and may be either theatrical or for commercial advertising or educational purposes and including all prints made of such productions. Accordingly, it appears that your vendors incurred sales tax liability with respect to the sale to you of the materials entering into the release prints which you supplied after production had been completed.

Yours very truly,

E. H. Stetson  
Tax Counsel