



STATE BOARD OF EQUALIZATION

April 18, 1951

Gentlemen:

This is in reply to your letter of March 21 in which you inquire concerning the application of the California retail sales tax with respect to cutting and editing of customers' films. You state that you operate a motion picture film processing laboratory, doing developing and printing of 16mm films.

Under Sales and Use Tax Ruling 19, Motion Pictures, copy enclosed, producers of complete motion pictures are the consumers of all of the tangible personal property used in production. It follows that sales to producers are at retail and, accordingly, taxable.

Pursuant to Section 6006 of the Sales and Use Tax Law and Ruling 15, copy enclosed, the producing, fabricating, or processing of tangible personal property furnished by consumers is expressly included within the definition of "sale". Accordingly, it is our opinion that charges for the processing of films for producers or other consumer, including charges for developing, printing, cutting, and editing, are required to be included in the measure of the tax. The fact that labor only is involved is in itself immaterial. It is well established that tax applies to charges for labor only where the labor amounts to the fabrication, producing, or processing of tangible personal property furnished by the consumer. Thus, in *Banken v. State Board of Equalization*, 79 A. C. A. 697, it was held that the charges for dyeing of fabrics furnished by the consumer were subject to tax as a processing operation. The more fact that the dyer furnished the dye material of negligible value compared to the total charge for the labor was taxable. Incidentally, the fabrics in this case were for use in motion picture production.

Yours very truly,

E. H. Stetson
Tax Counsel