



STATE BOARD OF EQUALIZATION

January 18, 1955

Dear Sir:

Mr. _____, Supervising Auditor in our Los Angeles office, telephoned me today stating that you desired a copy of the instructions we furnished to our Los Angeles office relative to ascertaining the applicability of the use tax with respect to the seven tankers sold by U and leased back by the several purchasers. I told _____ that it would be in order for these instructions to be given to you, and he has probably done so by now.

Following our conference with representatives of the Attorney General's Office on December 17, 1954, Mr. ___ and I requested our audit staff to ascertain certain facts, after which we had intended to advise you as to our conclusions and as to the amount proposed to be determined. We are, however, glad at this time to inform you that the conclusion reached at our conference was that the use tax is properly applicable with respect to those of the seven tankers which were sold by U and leased back and received their principal use in this State after the sale.

As the instructions given to our Los Angeles office indicate, in determining what constitutes principal use in this State, all use within the boundaries of the State will be included whether that is use in interstate or intrastate commerce and whether it is used in transporting property for hire or in transporting the company's own property. Also included is any use on the high seas during a journey from one point in California to another point in California.

As soon as we receive a report from our Los Angeles office showing which of the tankers in question were and were not principally used in this State after their sale, we will be in a position to inform you as to the amount of tax which we believe to be due.

Very truly yours,

E. H. Stetson
Tax Counsel