



STATE BOARD OF EQUALIZATION

October 4, 1967

Gentlemen:

This is in regard to your letter of September 18, 1967 and the conference held on September 27 in Sacramento concerning the application of sales tax with respect to the operations of reinforcing steel contractors in constructing concrete buildings. Those who were present at the conference included yourself representing "M" and "W", Mr. "j", partner in "C", Mr. Thomas Putnam, and Mr. J. D. Paulson, and myself. At the conference, we discussed the sales tax counsel ruling of August 30, 1965, in which it was concluded that a manufacturer of reinforcing steel who placed it in horizontal forms in which a building contractor poured concrete for tilt-up walls was regarded as fabricating tangible personal property. As indicated in your letter of September 18, it was your opinion that the ruling was based on an incomplete statement of facts.

In order to arrive at a more complete factual statement of the actual process of construction of concrete buildings with tilt-up walls, "J" described his operations as a reinforcing steel contractor as follows:

A building contractor makes forms at the jobsite for concrete tilt-up walls. The forms are placed horizontally on the ground. The reinforcing steel contractor places reinforcing steel bars of appropriate lengths in the forms. The building contractor then pours concrete into forms over the reinforcing bars.

After the concrete has hardened, the building contractor removes the form and tilts the concrete wall panels into place. Protruding from the sides of the panels are the ends of the reinforcing bars. After the panels have been tilted into place, the reinforcing steel contractor installs four column steel rods between adjacent wall panels holding the rods in place with metal "stirrups". The ends of the reinforcing bars protruding from adjacent panels which overlap across the space occupied by the column steel are then wired and welded together by the reinforcing steel contractor. The building contractor next places pouring forms around the space occupied by the column steel rods, stirrups, and overlapping reinforcing bars and fills it with concrete.

As indicated by the foregoing description, the reinforcing steel contractor performs his functions with respect to the construction of such concrete walled structures from fabrication of the concrete panels in their horizontal position to the securing of the panels in place by wiring and welding. Thus, the

reinforcing steel contractor completes his work with respect to the reinforcing bars after the concrete panels are in their final resting place. Under such circumstances, it is our opinion that he is a construction contractor and the reinforcing steel which he has used constitutes materials under Ruling 11. Accordingly, the reinforcing steel contractor is the consumer of such reinforcing bars, stirrups, rods, and wiring, and subject to tax measured by his cost of such materials.

Very truly yours,

George A. Trigueros
Tax Counsel

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