

M e m o r a n d u m**190.2102**

To: Santa Rosa - Auditing

February 22, 1972

From: Principal Tax Auditor

Subject: Redwood Water Tanks

This is in response to your letter of February 10 concerning the application of tax to redwood water tanks.

You indicate in your letter that none of the tanks are prefabricated; all erection and assembly is done at the job site; and no plumbing hookup is done by the taxpayer. You also indicate that practically all tanks are over 2,500 gallon capacity.

I have discussed this problem with the legal staff and we are of the opinion that any tank under 500 bbl. Capacity which is not attached to the realty other than by its own weight upon midsills, concrete walls, piers, slabs or a tower is tangible personal property. Since the total job site labor is fabrication labor, the total charge for the tank is subject to tax.

If the taxpayer contracted to both assemble and hookup the tank to a water supply, we believe that any tank under 500 bbls. would be classified as a fixture under Ruling 11 and tax would apply accordingly.

If the tank is over 500 bbls., it would be classified as materials under Ruling 11 and tax would apply accordingly.

In view of the fact that the taxpayer has previously been advised by the District Principal Auditor that he was the consumer of materials, I suggest that this memorandum be given prospective effect and that the taxpayer be advised in writing of the proper application of tax.

R. Nunes

RN:iw

cc: Mr. John H. Murray