



STATE BOARD OF EQUALIZATION

April 9, 1964

Dear Mr. ---:

This is to confirm our telephone conversation of yesterday concerning the application of sales tax with respect to chemicals which are added to water which is then sold by a municipality or other seller of water. You specifically mentioned alum.

~~Some years ago, we held that alum used in treating water is not sold for resale because our understanding was that it is used to remove sediment in the water and settles to the bottom of the reservoir with the sediment. It is not resold as a component part of the water.*~~ On the other hand, we have concluded that the following chemicals remain in the water when sold in sufficient quantities to state that the chemicals are sold for resale along with the water:

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|----------------------|-----------------------|
| calcium hypochlorite | soda ash |
| chlorine | sodium hydroxide |
| hydrated lime | sodium hypochlorite |
| lime | sodium silicofluoride |
| quicklime | copper sulphate |

Should any of these chemicals by virtue of any particular process or use, in fact, not remain in the water, their sale would not be exempt as a sale for resale. The exemption does not depend upon the particular chemical, but upon the actual fact of whether the chemical remains in the water when the water is sold. The loss of a relatively small portion of the chemical before being sold with the water would not, however, result in the application of the tax.

Very truly yours,

*Superseded by GAT 3/25/65. Annot. 440.2300.

E. H. Stetson
Tax Counsel

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