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**STATE BOARD OF EQUALIZATION**

June 13, 1951

B--- & C---  
Attorneys at Law  
XXX S. --- Street  
--- --- XX, California

Re: S--- B. L--- and R--- B---  
L--- Company

Gentlemen:

Following receipt of your letter of May 11 we requested information from our Los Angeles District Office as to what forms might have been referred to by you in your letter since we were unable to locate an account for the L--- Company from the information which you gave. Mr. Philip E. Rose of that office has now informed us that he has communicated with you with reference to the matter and has ascertained that the forms in question were Los Angeles City forms. He also gave us further information regarding the process of your client, the taxability of which is the subject of your inquiry.

Our conclusions are that charges for the lacquering of film that has never been used, in other words, new film, are subject to the tax as a producing, fabricating, or processing, pursuant to section 6006(c) of the Revenue and Taxation Code. (See in this Banken v. State Board of Equalization, 79 Cal.App. 2d 572.) Charges for the lacquering of old films that have been used and have become scratched or otherwise worn will be regarded as charges for repairing or reconditioning and the tax will not apply to such charges. Your client will be regarded as the consumer of the lacquer and other materials used and, assuming such material has been acquired on a tax exempt basis for resale, the cost of the lacquer or other materials should be included in the measure of the tax paid by your client.

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:ph  
cc: Wm. R. Thomson