



STATE BOARD OF EQUALIZATION

November 23, 1953

Dear

Your have requested our views as to the application of sales tax under the following facts:

--- Company, a corporation wholly owned by --- Company, issues a purchase order to --- Oakland, for a truck chassis, with instructions to deliver it to --- Oakland. The order contains a "bailee clause" stating that --- acts as bailee for --- then installs on the chassis tanks and a body, sold to --- by ---. Upon completion of the installation, the truck is delivered to --- Company, Richmond, to be painted. Following this, the truck, upon instructions issued by ---s delivered to Salt Lake City by Insured Driveaway. --- charges -- Company for the chassis, and for delivery to --- and for delivery --- to Salt Lake City.

The responsibility of --- appears to be to have the chassis delivered to --- where -- will place tanks and body thereon, and then to have it delivered to --- where ---will paint the truck. After these operations have been performed it is apparently --- obligation to ship the complete truck to --- Company in Salt Lake City. Were it the obligation of --- to have all these things done and be responsible for any improper performance, it might then well be said that --- was obligated under the contract to obtain a truck of certain specifications and deliver it to the purchaser at Salt Lake City.

It appears, however, that prior to such delivery there has been a turning over of the chassis first to --- which performs work on the chassis under contract with --- and then it is turned over to ---Company which performs further work under contract with ---. We believe that these deliveries in this state to the buyer's representatives for business purposes and convenience of the buyer, and the substantial work performed on the chassis by the buyer's representatives are inconsistent with any theory of retention of ownership by ---. We further believe that these activities by the buyer's representatives constitute the exercise of ownership sufficient to overcome the effect of the recital in the "bailee clause" and to compel a conclusion that there has been delivery to the buyer's representative in this state. Thus, we remain of the opinion that --- is not entitled to claim as an exempt sale in interstate commerce its sale of the chassis to ---.

Very truly yours,

E. H. Stetson
Tax CounselEHS:pf
cc: Oakland - Tax Administrator