



STATE BOARD OF EQUALIZATION

May 16, 1966

This is in reply to your letter of May 5, 1966, and confirms the oral opinion given to you at our conference on the same date.

We have reviewed your letter and the contracts attached. In our opinion, they are service contracts as distinguished from lease contracts. The service of providing the information on odds, pay offs, etc., is considered to be a nontaxable service in view of the fact that the possession, custody, and license to use the equipment remains totally in the hands of ---, its employees, or electronic engineers. The contracts are phrased in terms of the rendition of services.

It follows that the company will be considered to be the consumer of all of the tangible personal property purchased for use and used in this state in fulfilling its service contracts, with use tax applicable to such property and payable by the company.

Very truly yours,

E. H. Stetson
Tax Counsel

EHS :fb

cc: Out of state - District Administrator
New York - District Administrator