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**STATE BOARD OF EQUALIZATION**

November 14, 1967

Gentlemen:

This is in reply to your letter of September 25, 1967.

My earlier letter dated September 15 has generated a great deal of discussion not only from other members of our legal staff, but also from various individuals of our district offices. Therefore, I felt obligated to reexamine my analysis and conclusions set forth in my earlier letter. The result of the reexamination is set forth below.

It is still our opinion that since the crane was completely assembled by your company prior to shipment to "G" and title to the crane passed to "G" at the time of shipment, the reassembly (i.e., erection) of the crane at "G" merely constituted the process of reconditioning the crane for the use for which it was originally purchased and not fabrication labor under Section 6006(b).

The next question to be answered is whether or not the amount received for reassembly of the crane is included in "gross receipts". It is noted that the price received for labor or services used in "installing" the property sold is specifically excluded from gross receipts. Initially there was some question in my mind as to whether or not the reassembly of the crane amounted to "installation". However, it is now the opinion of the staff, in which I concur, that reassembly does not constitute installation.

In view of this conclusion, we are required to determine whether the reassembly charges amount to a service that is part of the sale and, therefore, taxable. Since we understand that "G" was not required to hire your company to erect the crane, it is our opinion that the reassembly charges are not taxable as being a service that is part of the sale. Such will be our recommendation to the Board.

Please accept my apology for any inconvenience our earlier letter caused you, and please disregard any inconsistencies between my earlier letter and this one.

Very truly yours,

Glenn L. Rigby  
Assistant Counsel

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