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**STATE BOARD OF EQUALIZATION**

September 5, 1950

Dear Mr.

We have considered the question presented in your recent inquiry received August 14 which concerns whether or not you are liable for the California use tax with respect to English-built automobiles broken in by you for the first five hundred miles before being sold to your customers.

It is our opinion that such breaking in of the cars is in itself nothing more than preparation of the cars for delivery to customers and is not in itself sufficient to subject you to payment of use tax on the theory that you used the cars prior to reselling them. It must be understood, however, that you do not drive the cars for purposes other than the proper breaking in since, as you know, the statute provides that where a retailer makes any use of property purchased for resale other than demonstration or display while being held for sale in the regular course of business, tax must be paid with respect to the sale of the property to the retailer.

Very truly yours,

E. H. Stetson  
Tax Counsel