

**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA
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May 31, 1991

Dear ---:

This is reply to your April 22, 1991 letter regarding the application of sales tax to sales of evaporative coolers installed in mobilehomes.

You note that the mobilehomes are not on permanent foundations but are set on steel piers in a mobilehome park. You asked for confirmation of your interpretation of State Board of Equalization Pamphlet No. 47, Mobilehomes and Factory-Built Housing, that a dealer is the retailer of evaporative coolers the dealer sells where the dealer has a heating and air conditioning contractor furnish and install the evaporative coolers pursuant to a lump-sum contract.

Since the mobilehome is not installed in a permanent foundation, it retains its status a tangible personal property. According, the contractor, in furnishing and installing the evaporative cooler, does not thereby perform a construction contract. As we understand the facts, the dealer contracts to furnish and install the cooler and subcontracts the job to the heating and air conditioning contractor. In such case, the dealer is the retailer of the evaporative cooler. The dealer is required to pay sales tax on the entire gross receipts of the retail sale.

You note that, if the air conditioning contractor had paid sales tax reimbursement on its purchase, the dealer's paying sales tax would result in sales tax being paid twice on the same transaction. We agree. The problem stems from the air conditioning contractor paying sales tax reimbursement to its vendor. The sale of the cooler by the air conditioning contractor's vendor is a sale for resale, and the contractor should issue a resale certificate to its vendor. In turn, the dealer should issue a resale certificate to the air conditioning contractor such that sales tax property applies only to the retail sale by the dealer.

We hope this answers your question; however, if you need further information, feel free to write again.

Very truly yours,

Ronald L. Dick
Senior Tax Counsel