

596.0800



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

(916) 445-5550

March 30, 1981

Dear _____,

Your letter of February 29, 1981, has been referred to me for reply. In your letter you ask whether your purchases of Woodex are exempt from sales tax under Senate Bill 1576.

Senate Bill 1576 added Section 6358.1 to the Sales and Use Tax Law. That section, among other things, exempt from sales or use tax waste byproducts from agricultural or forest products operations which are delivered in bulk and are used in an industrial facility as a fuel source in lieu of the use of oil, natural gas, or coal.

We understand that Woodex is a mixture of rice hulls and sawdust which are apparently mixed with some kind of binder and then pressed into pellets approximately one-half inch by three-quarters of an inch. You have purchased the Woodex to consume in the boiler of your greenhouses and to replace fuel oil which was formerly used.

We assume that the Woodex was used to produce heat to maintain an appropriate temperature in your greenhouses where you grow vegetable and ornamental plants for sales by you. We also assume that the Woodex was purchased and delivered to you in bulk and not in packages. If these assumptions are correct, the sale to you of the Woodex is exempt from sales tax.

Very truly yours,

John H. Murray
Tax Counsel