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May 19, 1952

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Dear Mr.

Under date of September 7, 1951, you addressed a letter to the undersigned pointing out what appeared to be conflicting rulings regarding the application of the sales tax with respect to sales of paint thinners to steamship operators who refused reimbursement for the sales tax upon the ground that the thinner became a component part of watercraft so as to fall within the exemption for which provision is made in Section 6368 of the Sales and Use Tax Law and Sales and Use Tax Ruling 51.5.

We subsequently called to the attention of representatives of the various steamship companies that since paint thinner evaporates in the drying process it did not appear that it could be regarded as becoming a component part of watercraft in the painting of which the thinner is used. We have recently been informed by counsel for the companies that no basis is found to take the position that articles such as paint thinner become a component part of watercraft and it is our understanding that the position of the companies heretofore taken has been or will now be modified by withdrawing objection to payment of sales tax reimbursement to vendors in connection with such purchases.

Very truly yours

E. H. Stetson
Tax Counsel

ES:ph

cc: Mr.

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