

**M e m o r a n d u m****105.0120**

To: Los Angeles – Auditing

October 24, 1952

From: Hdqrs. – Sales Tax Counsel

Subject: L--- A--- A---  
XXXX West --- Blvd.  
--- ---, CA SR -- XX XXXXX

Yesterday Mr. M--- J. B---, Attorney, and a representative of L--- A--- A--- conferred with us regarding the audit now in process of this firm.

Information was developed at the discussion in addition to that set forth in A--- M. B---'s memo to L--- J. R--- of August 22, 1952 forwarded to me by you on August 27. While it appears to us that Section 6366 would clearly prevent the application of the use tax with respect to purchases of "aircraft", it appears a matter of some doubt whether this firm actually purchased any "aircraft". Undoubtedly a helicopter would be considered an aircraft, but we have heretofore regarded an aircraft as "a flyable article". We have not regarded parts of aircraft as falling within the exemption.

It appears that the purchaser here buys the air frame and blades from S---, but without engines which are purchased by L--- A--- A--- from various vendors. Instruments are also purchased from such manufacturers as S--- and B---. Radios are also purchased separately. We may be able to conclude that the purchase of the air frame and blades, which is by far the principal cost of the helicopter when ultimately assembled, is the purchase of an aircraft, thus falling within the exemption. We do, however, wish to give further consideration to the matter and possibly confer with the Attorney General's office. It is requested, accordingly, that you complete your audit on the basis that the exemption does not apply, although the important thing is that you furnish us with such information as is shown by the records of the company as to the particular items purchased and the vendors from which purchased.

The information stated herein concerning the purchase of the various components of the helicopters was that which we obtained orally and generally at the discussion. Mr. B--- and the taxpayer's representative were not certain as to the details of some of the items purchased. Perhaps you can give us a complete analysis of purchases leading to the acquisition of one complete helicopter as this would probably be typical.

When you transmit the audit please make a notation thereon that it should be referred to me before any determination is levied.

EHS:ph