



STATE BOARD OF EQUALIZATION

November 24, 1964

The V--- Co., Inc.
Biological Control Division
P.O. Box XXX
---, California

E-XXXXXX

Attention: Mr. E--- J. D---
Entomologist

Gentlemen:

Your letter of October 24, 1964, addressed to the Riverside office of the Board of Equalization has been referred to this office for reply.

It is our understanding that you are engaged in the business of raising and collecting certain insects for use in the biological control of other insects which are harmful to growing crops. You plan to offer to farmers a pest control service utilizing the insects which you have raised and collected. You also plan to sell beneficial insects to farmers for their own use and to other firms for use in their own pest control service.

Under the Sales and Use Tax Law, tax applies with respect to the gross receipts of retailers from retail sales of tangible personal property, except property which is specifically exempted under the law. There is no exemption provided in the law with respect to retail sales of insects sold for use as pest control agents. Thus, if you sell insects to farmers for their own use and to other firms for use in their pest control services, tax will apply with respect to your receipts from such sales.

If you use such insects in your pest control service and make a specific charge for the insects, you will be regarded as the retailer thereof.

If you use such insects in your own pest control service and do not make a specific charge for such insects, you will not be regarded as a seller thereof, but rather as a consumer. Therefore, the cost of such insects to you will be subject to tax. If you have obtained such insects by collecting them from their natural habitat, no tax will be applicable if you use such insects in your own pest control service and do not make a specific charge therefor.

The V--- Co., Inc.
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If you have any further questions regarding the application of tax with respect to your operations, please communicate with us or with our representatives at our offices located at 3704 Sunnyside Drive, Riverside, California, telephone Overland 6-1870.

Very truly yours,

George A. Trigueros
Associate Tax Counsel

GAT:o'b

cc: San Bernardino – District Administrator