

**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA  
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)  
(916) 445-6450

December 13, 1991

Mr. B--- A---  
XXXX X<sup>th</sup> ---  
---, CA XXXX

Dear Mr. A---:

This is reply to your October 9, 1991 letter regarding the application of sales tax to your charges under the following facts you described:

“I am in the process of starting a business which will offer Computer Aided Drafting (CAD) support services, and in particular, redrawing of paper drafting documents such as architectural blueprints or electrical schematics to become digital computer files of information....”

“During the course of my activity I will carefully recreate the drawing so as to duplicate its every dimension and text or data unit. No artistic license will be taken since the quality of the recreated drawing will be judged on accuracy and adherence to the original’s drawing conventions. In order to do this, certain processes are automatically performed while other activities are done manually by the operator. The original drawing document and the electronic file are then returned to the customer, normally with the electronic file stored on a floppy disk.”

Sales and Use Tax Regulation 1502, Computers, Programs, and Data Processing, provides at subdivision (c)(4):

“Charges for the transfer of computer-generated output are subject to tax where the true object of the contract is the output and not the services rendered in producing the output. Examples include artwork, graphics, and designs.”

See also Albers v. State Board of Equalization, 237 Cal.App2d 494. We believe that your charges for redrawing paper architectural blueprints on electrical schematics is subject to sales tax.

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

Very truly yours,

Ronald L. Dick  
Senior Tax Counsel

RLD:sr  
Enc.