



STATE BOARD OF EQUALIZATION

December 30, 1953

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Gentlemen:

This is with reference to your telegram received yesterday as corrected by a telephone call from Western Union. As corrected, your telegram reads, "Well drilled for City --- ---. Advise if City subject sales tax. If so percentage".

We assume from this that you drilled a well for the City of --- ---, furnishing casing and perhaps other materials. On this assumption we answered your telegram as follows:

"Correction to your telegram changes our reply as follows: Charge for drilling wells no subject to sales tax. Drilling contractor is consumer of casing, etc., and subject to use tax at 3% of cost of material. Letter follows."

As a well drilling contractor you are regarded under Sales and Use Tax Ruling 11, copy enclosed, as the consumer of the casing and other materials used. Thus, the sales tax or the use tax, as the case may be, applies with respect to the sale to you of materials used in the performance of your contract.

As you are an out-of-state concern we presume you acquired the materials out of State and, thus, the use tax would be the applicable tax at three per cent of the purchase price to you of the materials in question. In order to return the tax to the State you should use the enclosed form of consumers use tax return. The return should be made out and filed with this Board, together with a remittance of the tax, on or before the last day of the month following the calendar quarter in which the property was first stored or used in this State. For further information see the instructions on the return form.

Very truly yours,

E. H. Stetson
Tax Counsel

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