



---

**STATE BOARD OF EQUALIZATION**

March 12, 1964

-----  
-----  
-----

Dear Mr. "C"

This is in reply to your letter of February 5, 1964, written at the suggestion of W. T. Denny, Chief of Field Operations.

It is our opinion that Section 6368.5 of the Sales and Use Tax Law exempts from the California sales and use taxes any leased rail freight car which is principally used in interstate transportation whether the lessee is a shipper or a railroad, and without regard to when the car first enters California, or to the number of days the car spends in California.

The Union Oil Company case which you mention arose prior to the enactment of Section 6368.5. Moreover, the case is not on appeal in the United States Supreme Court and is not, therefore, final.

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:fb      [lb]