



STATE BOARD OF EQUALIZATION

December 12, 1969

Gentlemen:

This letter is written in regard to the notice of determination issued against your company involving your licensing of film negatives and/or positives to the California Board of Education.

As you are no doubt aware, Senate Bill 366 was introduced with the purpose of excluding from the definition of a sale the lease, license, or hire of letter plates, dies, or film material to the Department of Education for the production of textbooks. On May 28, 1969, this bill was heard by the Senate Revenue and Taxation Committee, but failed to pass.

As a result of the failure to pass, we notified the Department of Education on June 16, 1969, that we would have no alternative but to assert tax on the total royalty paid by the Department of Education for the use of those dies, films, or letter plates.

The end result was the issuance of your notice of determination. However, since the tax is a use tax liability and the payment is ultimately the Department of Education, it was also our latter recommendation that a determination also be issued against the Department of Education.

In order that we can be certain of the Department of Education's official position regarding payment, we would appreciate it if you would bill the Department of Education for the tax owing and send us a copy of their reply.

Your expeditious handling of this matter would be appreciated.

Very truly yours,

Glenn L. Rigby
Tax Counsel

GLR:lt
Cc:
Bc: