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**STATE BOARD OF EQUALIZATION**

November 17, 1954

X-----

Attention: X-----  
Bookkeeper

Gentlemen:

Your letter of September 16 addressed to our Fresno office and Mr. X-----'s reply of September 21 have been forwarded to this office for review. We find Mr. X-----'s letter correct, but wish to elaborate on it in certain respects.

If repair of a neon sign involves merely replacing an electrode in the tube and repumping the tube with gas, the labor charges would not be subject to tax. However, if it was necessary to replace a complete tube and if this involved cutting glass tube to length, bending, placing electrodes, pumping with gas, and sealing the new tube, we would consider that you were selling a completed tube. The labor charges in connection with fabricating that tube, placing electrodes, and pumping with gas would be taxable fabrication labor rather than exempt repair labor.

In the case of a simple painted sign without neon lighting, a distinction must be made between real property and personal property. Painting on the side of a building or on a signboard which is attached to the building while the painting is being done represents an improvement to real property and the painter is the consumer of paint and other materials used. This is true whether the sign be an existing or a new sign and whether a change in name or copy is involved. The basis for this distinction is that the sales tax applies to sales of tangible personal property and that a person improving real property is not regarded as selling the tangible personal property used in making the improvement.

Yours very truly,

Bill Holden  
Assistant Counsel

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Cc: Fresno – Tax Administrator