



STATE BOARD OF EQUALIZATION

April 1, 1966

R--- R--- Co.
P. O. Box XXX
--- ---, CA XXXXX

Attention: Mr. C--- L. H---
Office Manager

SR --- XX XXXXXX

Gentlemen:

This is in reply to your letter of March 23, 1966.

Under ruling 48, tax does not apply to sales of seeds and annual plants the products of which are to be sold in the regular course of business. Under this ruling, sales of seeds for timber trees to a purchaser solely for the purpose of producing trees which are harvested as timber are exempt from sales tax.

Although seedlings of commercial timber trees are not annual plants, they become part of mature trees which are harvested and sold. It is therefore our opinion that sales of seedlings to a purchaser solely for the purpose of producing trees to be harvested and sold as timber are exempt sales for resale. If the trees produced from such seeds or seedlings are subjected to some intervening use prior to harvesting, such as for the purpose of soil erosion prevention, seed production, or creation of recreational facilities, the sale of such seeds or seedlings would be subject to sales tax.

Very truly yours,

George A. Trigueros
Associate Tax Counsel

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cc: --- --- – District Administrator