



STATE BOARD OF EQUALIZATION

January 21, 1966

Dear Mr. ---:

This is in reply to your letter of January 10, 1966, concerning the application of California use taxes with respect to horses raced for the first time at the Santa Anita race track. I find in reviewing our past interpretations we have applied the following principles in determining the applicability of the use tax:

The training of a horse for the purpose of being raced by the owner is a use of the horse. Therefore, where the training occurs over three months prior to the entry of the horse into this state, there has been a prior substantial out-of-state use preventing the application of the California use tax.

Where the horse owner is not a resident of California and does not own or maintain a ranch or stable in this state, the use tax will not apply to horses brought to this state temporarily for racing.

Residents who maintain their ranches and stables at points outside this state will be treated the same as nonresidents, that is, they will not be subject to tax by reason of bringing their horses into this state for racing if they also customarily race such horses at out-of-state tracks.

Although it is not so stated in your letter, the notes of our conference last October 18, 1965, indicate that the out-of-state owners will have acquired the horses over 90 days previously to their being brought into this state, during which time the horses have been trained for racing. It would, thus, appear in view of the previous holdings listed above that the tax does not necessarily apply upon the ground that the owner first races a horse in California.

Another note I made at our conference was that an out-of-state owner may purchase a horse [out of state] and in less than 90 days races it first in California, and then takes it out of state not racing it again in California for the year. If this owner is a nonresident not maintaining or owning a ranch or stable in this state, or is a resident maintaining his ranches and stables at points outside this state, it would appear that the bringing of the horse into this state temporarily for racing will not subject the horse to the use tax.

Mr. ---

-2-

January 21, 1966
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Applying these principles to the situation described in the first paragraph on page 2 of your letter, it would appear that the owner who maintains no stables in California, and who after training the horse for racing brings it into this state temporarily for racing which is followed by removal of the horse from the state and racing it at other tracks outside this state, will not be subject to use tax.

Very truly yours,

E. H. Stetson
Tax Counsel

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cc: Hollywood – Subdistrict Administrator