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**STATE BOARD OF EQUALIZATION**

January 14, 1953

Mr. K--- E. L---  
Certified Public Accountant  
XXX --- ---  
--- ---, Oregon

Dear Mr. L---:

Your inquiry concerns the application of the California Sales and Use Tax Law to lumber produced by a sawmill in the course of its operations but used in repair and additional construction by that mill at its own plant in California.

We assume that the sawmill purchases logs for its operation. If these logs are purchased in California, we assume they are purchased for resale and a resale certificate given. (Section 6091 and following of the California Sales and Use Tax Law, copy enclosed.) If they are purchased outside of California and brought into this State for cutting into lumber, then, of course, a resale certificate would not be given at the time of the purchase but any use of the logs other than for resale would be subject to the California use tax. (Section 6201.)

Thus, the use of the lumber for repair and construction by the sawmill would be a taxable sale or use of that lumber in California and subject to tax. (See Sections 6094 and 6244 of the Law and the first paragraph of Ruling 69, copy enclosed.)

The measure of the tax is the purchase price to the sawmill of the portion of the logs from which the lumber that is used is cut. For example, if the mill buys logs from which 10,000 bd. ft. of lumber is cut and the mill uses 1,000 bd. ft. in making repairs or in additional construction, then the tax would apply to the 1,000 bd. ft. of lumber and the measure of the tax would be one-tenth of the purchase price of the logs from which the 10,000 bd. ft. was produced.

We trust this sufficiently answers your question.

Very truly yours,

E. H. Stetson  
Tax Counsel

JHM:tj