



STATE BOARD OF EQUALIZATION

July 16, 1954

Your letter of July 2

Attention: Mr. _____

Gentlemen:

Your client, an automobile dealer, has agreed to purchase for resale a number of new automobiles and trucks with delivery to him at the factory in Detroit, Michigan. The automobiles and trucks will be driven direct to California to the automobile dealer's regular place of business by an independent caravan driving company. The automobiles and trucks to be driven to California will be licensed to the automobile dealer under the California Vehicle Code before being driven from Detroit, Michigan. Upon reaching their California destination at the automobile dealer's regular established place of business they will be held only for resale to customers.

You inquire whether the automobile dealer will incur a use tax liability because the vehicles will originally be licensed to him for the sole purpose of driving them from Detroit to California for resale.

Assuming that no additional use is made of the vehicles in addition to their transportation to this state other than their use for demonstration and display while holding them for sale in the regular course of business, no use tax liability will be incurred by the automobile dealer under the facts outlined above.

Very truly yours,

W. W. Mangels
Assistant CounselWWM:tj
cc: San Francisco -Auditing