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**STATE BOARD OF EQUALIZATION**

February 16, 1951

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XXX --- ---  
--- ---, California

Attention: Mr. M. H. L---

Re: SZ -- XX XXXXXX

Gentlemen:

This is in answer to your letter of February 6 concerning the application of section 6368 of the Sales and Use Tax Law and Ruling 51.5 where a customer owns vessels which operate a portion of the time in such a manner as to meet the requirements for the exemption and a portion of the time in some other manner.

The taxability of sales of property becoming a component part of watercraft depends upon the principal use to which the watercraft is put and not the particular use in which it is engaged at the time of the sale. As stated in Ruling 51.5, "The tax does not apply with respect to watercraft or component parts thereof that make voyages both in interstate or foreign commerce and voyages that are exclusively in intrastate commerce provides the principal use of the watercraft is transportation for hire in interstate or foreign commerce. The tax applies with respect to watercraft making voyages both in interstate or foreign commerce and voyages that are exclusively in intrastate commerce where the principal use of the watercraft is in intrastate commerce."

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:ph

cc: Burnett Sheehan