



STATE BOARD OF EQUALIZATION

October 31, 1956

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Attention: Mr. [C], Chairman
License Tax Committee

Gentlemen:

We confirm your understanding set forth in your letter of October 24 to Mr. Dixwell L. Pierce of our views as to the application of state-administered local sales tax to sales to common carriers of fungible goods, a portion of which is consumed in the county where purchased, except as to lubricating oils and greases.

In the case of fuel oil, the sale of that portion consumed in the county of purchase is, in our opinion, subject to the local tax of that county. The sale of that portion consumed outside the county is exempt.

The same would be true of gasoline if the fuel license tax were inapplicable or refunded so that the sale would not be exempt from sales tax under Section 6357 of the Revenue and Taxation Code.

Lubricating oils and greases, however, are not consumed by combustion as in the case of fuel. Their use is a continuous use of the total amount purchased. We believe, accordingly, that if the lubricating oil and grease purchased is used in vehicles travelling a greater number of miles outside the county than inside the county, the sale of the oil and grease falls within the exemption.

We will advise operators of common carriers who supply data showing the percentages of use within and without the county of purchase, of the applicability of local tax as established by such data.

Very truly yours,

E. H. Stetson
Tax Counsel

EHS:ds

cc: Mr. Dixwell L. Pierce