

**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)
(916) 445-6450

July 31, 1989

Ms. L--- L---
F---, W--- & K---
Attorneys at Law
--- - --- Floor --- Building
XXX --- Street
--- ---, CA XXXXX

Dear Ms. L---:

This is in reply to your June 13, 1989 letter regarding the application of use tax to a transfer of a plane, boat, or motor vehicle into the name of a trustee of a revocable trust. You noted the following facts:

“We represent a client who has created and funded a revocable, living trust. Our client is sole trustor, trustee and beneficiary. The trust is solely for his benefit during his lifetime and is completely revocable at any time. He has a truck, a boat, and a plane for his personal use, titles to which currently stand in his name individually. He would like to re-register title to all of these assets in his name as Trustee of his revocable trust. There are loans outstanding on all of these assets. The loans will not be changed, and the client individually will remain as obligor.”

Generally, use tax applies to the sale of a vehicle, vessel, or aircraft when the person making the sale is not a dealer of such property. The purchaser is responsible for payment of the tax. (Sales and Use Tax Reg. 1610, subd. (b)(1).) A “sale” is defined at Revenue and Taxation Code section 6006, subdivision (a), to generally mean and include transfer of title or possession, exchange or batter, conditional or otherwise, in any manner or by any means whatsoever, of tangible personal property for a consideration.

You note that your client would remain liable for the outstanding loan on the truck, boat and aircraft. We assume that the trust would not become jointly liable with your client for

payment of such loans. In such case, the transfer would not be subject to sales tax, because the transfer would not be for a consideration. [See now, Rev. & Tax Code § 6285(b)].

We hope this answers your questions; however, if you need further information, feel free to write again.

Very truly yours,

Ronald L. Dick
Tax Counsel

RLD:sr