

M e m o r a n d u m**335.0089**

To: Downey – Auditing (GMS)

Date: June 10, 1976

From: Hdqrt – Tax Counsel (GLR)

Subject: Truck Cranes as Mobile Transportation Equipment

This is in regard to your memoranda of March 23 and May 24, 1976 directed to Mr. Nunes relating to the question of whether certain “truck cranes” and other mobile units are properly classified as mobile transportation equipment.

As you are aware the classification of certain units is not always clear cut. However, in each case I think we must keep in mind the definitions contained in the first two sentences of Regulation 1661(b)(1).

“The term ‘mobile transportation equipment’ includes only equipment for use in transporting persons or property for substantial distances. The term does not include items of a kind commonly used only in loading or unloading persons or property, or short distance moving within the confines of a limited area, such as a loading dock, warehouse, terminal, bay or airport.”

In essence, we are to ask the question in each case as to whether or not the particular unit is “designed” to be moved substantial distances, say over the highways under its own power or by being pulled behind say a tractor or is limited in its “design” to be used in the confines of a limited area such as a construction site, loading area, etc. We do not believe that merely because the particular leased unit is only used by the lessee in a limited area takes it out of the definition of mobile transportation equipment if in fact the unit is designed to move property or persons substantial distances.

Applying the foregoing principles to your specific questioned items, we make the following conclusions:

Speed Swing, Trak-Kleener, Pulpwood Hauler and the Forester appear from the brochure to be designed for limited movement within the confines of a limited area, i.e., construction or logging site, and are not designed for highway use. Accordingly, it is our opinion those items are not mobile transportation equipment.

Truck-Krane—Model 90TKLS and Model 60TK, Wrecking Crane Model 200 appear to be “designed” for movement on the highways. It may be true that they have to have a special license to be moved; nevertheless, they appear to be designed for long distance movement over the highways. The brochure regarding Truck Krane Model 60 even advertises “fast road” speed.

The Multikrane doesn’t appear to be mobile transportation equipment under the above mentioned guidelines. This conclusion is based on the stated facts contained in J. A. Alexander’s letter of May 19.

“1. It does not transport persons or property for substantial distances.

* * *

“3. It does not have a speedometer or odometer.

“4. Its tires are suitable for rough terrain only.

“5. It is not normally licensed for use on public highways.

“6. It is [normally] transported from location to location of substantial distances by common carrier or customer vehicle.”

I do not believe that merely because the “Truck Krane” does not travel over the highways more than 75 miles excludes it from the definition of substantial distances. It is clearly designed for movement on the highway notwithstanding the fact they have to have special highway permits.

GLR:lb

cc: Mr. Robert Nunes }
Mr. T. P. Putnam } w/attachments
Mr. W. E. Burkett }