



STATE BOARD OF EQUALIZATION

January 2, 1968

-----  
-----  
-----

Dear Mr. ---:

This is in regard to our telephone conversation of December 29, 1967, concerning the application of sales tax with respect to the erecting and transfer of structures called Super Slides.

It is our understanding that your client is in the business of erecting Super Slides. These are structures several stories high consisting of a framework of metal tubing, with sheet steel slides running from the top of the structure to the bottom and metal stairs. There are erected on concrete foundations and are permanently affixed to the realty. Your client erects and transfers these structures under "franchise" contracts, which provide that the franchisee receives title to the structure and the exclusive right to operate it within a designated geographical area.

As indicated in sales and use taxes ruling 11, copy enclosed, "contractors" are consumers of materials used by them in fulfilling construction contracts and tax applies to the sale of such materials to them. The term "construction contract" includes a contract for erecting a structure on land and includes lump-sum and time-and-material contracts.

The term "materials" means tangible personal property which when combined with other tangible personal property loses its identity as such and becomes an integral part of the completed structure. Materials includes cement, flooring, piping, and sheet metal.

From the information which you have submitted, it appears that the Super Slides are structures and their components, as described, constitute materials under ruling 11. Accordingly, it is our opinion that your client, in erecting such structures, is a construction contractor, and as the consumer of the materials comprising such structures, is liable for tax measured by his cost of such materials.

Very truly yours,

George A. Trigueros  
Tax Counsel

GAT:smk  
Enclosure