

**STATE BOARD OF EQUALIZATION**

**OFFICE CORRESPONDENCE**

**435.0400**

Place: Sacramento, California  
Date: October 2, 1953

To: Los Angeles – Auditing (LJR)

From: Headquarters – Sales Tax Counsel

Re: P--- P--- C--- Company  
XXXX --- --- Avenue  
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-- XX XXXXXX Aux. Petition File

Your Memo of August 18

With respect to “field joint” (page 4 of L---’s report of July 13), we deleted charges for this work upon the basis that it was performed upon pipe in place in the field, and is thus improving real property rather than processing personal property.

With regard to reconditioning used pipe, perhaps the apparent conflict results from not distinguishing between somastic coating and other types of protective coating. It is my recollection that the application of somastic coating made such a change in the characteristics of pipe that even its application to used pipe would result in a product quite different from new pipe, i.e., it would do more than merely restore the pipe to its original condition. It would add valuable qualities not present in new pipe, and thus results in more than mere repair or reconditioning. If other types of wrapping or coating have the same result, the application of the tax should, or course, be the same.

On the other hand, if used pipe is wrapped with material intended to act merely as a substitute for its original wrapping or coating, e.g., paint, without giving it added qualities not present in the new pipe, the operation is a repair or reconditioning.

E. H. Stetson

EHS:ph