



STATE BOARD OF EQUALIZATION

January 27, 1953

Gentlemen:

In answer to your letter of January 23, we advise that the sales tax applies to receipts from retail sales of fuel oil.

The fact that you use the fuel oil to generate steam used in curing your product which is resold is immaterial. The sale of the fuel oil to you is a retail sale since the fuel oil itself is bought for some purpose other than resale, i.e., to generate steam.

You state that the fuel oil is used interchangeably with natural gas for the same purpose and that no sales tax applies to the gas. This may be for the reason that the gas is delivered to you through mains, lines, or pipes, thus rendering the sale of the gas to you exempt under the provisions of Section 6353 of the Sales and Use Tax Law. For your convenient reference this section provides:

“There are exempted from the taxes imposed by this part the gross receipts from the sales, furnishing, or service of and the storage, use, or other consumption in this State of gas, electricity, and water when delivered to consumers through mains, lines, or pipes.”

Unless the natural gas is delivered to you in this manner, we are not aware of any basis for its exemption from the sales tax.

Very truly yours,

E. H. Stetson
Tax Counsel

EHS:ph

cc: Long Beach - Compliance