

0902 Tax applies to tramp-steamer-fuel consumed on route between California to first port-of-call.

STATE OF CALIFORNIA

500.0180



STATE BOARD OF EQUALIZATION

October 7, 1963

1514.70 Tramp Steamers. Tramp steamers have no greater exemption than that granted to other common carriers. The tax still applied to fuel which will be consumed en route between California and the first port of call. 10/7/63.

Dear _____,

This is with reference to your letter of September 30, 1963 in which you inform us that some of your customers who are owners of foreign flag ships believe that Assembly Bill No. 1428 "completely" exempts them from the sales tax sales of bunker fuel to tramp vessels. You desire our opinion as to whether the exemption is extended only to that portion of the fuel purchased and transported unconsumed to the first out-of-state port of call.

The provisions of Assembly Bill No. 1428 simply gave common carrier status to tramp vessels and other water carriers engaged for compensation in transporting persons or property in interstate or foreign commerce. It, therefore, does not extend the exemption to transaction, which were not exempted under the prior law, between sellers and common carriers. This exemption was limited to the sale of fuel consigned to the common carrier at a specified destination outside this state (the first out-of-state port). It is so explained in Sales Tax General Bulletin 59-6, dated December 7, 1959, which in addition provides as follows: "The sales tax applies with respect to sales of that fuel oil which will be consumed in the voyage from the California port where the oil is taken on to the first port of call outside of California."

Assembly Bill No. 1428 made no change in this regard. It simply extended the meaning of the term "common carrier" to include tramp vessels and other water carriers engaged for compensation in transporting persons or property in interstate of foreign commerce.

Very truly yours,

E. H. Stetson
Tax Counsel