



STATE BOARD OF EQUALIZATION

January 31, 1966

C--- L---, Inc.
--- and --- Streets
---, CA XXXXX

SY CH XX-XXXXXX

Gentlemen:

Your petition for redetermination of sales and use taxes, dated December 26, 19XX, has been referred to this office for reply.

You have protested Item E, Self-Consumed Merchandise Understated – plastic materials withdrawn from California Resale Inventory, and not sold, used in out-of-state blood program measure \$XXX,XXX. We understand your contention to be that you did not consume the plastic materials (disposable blood collecting bags), but rather that you sold them in interstate commerce to blood collecting companies outside this state.

We have examined the copies of the agreements, purchase orders, and correspondence concerning the conditions under which B--- F---, Inc., B--- C---, Inc., --- & ---, Inc., O--- B--- of P--- A---, the University of O--- Medical Center, and M--- Blood Center, agreed to supply blood plasma to “C--- L---.”

As you have pointed out in your letter of October 27, 19XX, to Mr. Robert L. Matlean, Supervising Auditor, ---, the agreements with B--- F---, Inc., B--- C---, Inc., --- & ---, Inc., the amended purchase agreement with the B--- of P--- A--- in --- ---, and the letter to the M--- Blood Center, dated August 21, 19XX, all provided that C--- L--- would furnish the disposable blood-collecting equipment to them without charge. On the other hand, the original purchase order agreement with the B--- of P--- A--- indicated that C--- would furnish such equipment for \$X per set, and the letter to M--- Blood Center indicated that subsequent to August 16, 19XX, “M---” would pay C--- \$X.X per set.

It appears to us, from the foregoing and from the provisions on the “B--- F---” and “B--- C---” agreements, that they were not authorized to use the disposable equipment furnished by C--- when collecting plasma not being sold by them to C---, that title to the disposable equipment

furnished by C--- for no charge remained at all times in C---. It is, therefore, our opinion that C--- L--- did not sell such disposable equipment to such entities.

Notwithstanding the foregoing, however, it appears to us that C---'s withdrawal of such disposable equipment from resale inventory for its own use outside this state constituted the exercising of power over tangible personal property in this state for the purpose of subsequently transporting it outside this state for use thereafter solely outside this state. As indicated in section 6009.1, such exercise of power over tangible personal property is not a use which is subject to tax. In view of the foregoing, we are recommending that Item E, Plastic Materials withdrawn from California Resale Inventory, and not sold, used in out-of-state blood program, be deleted from the determination.

Very truly yours,

George A. Trigueros
Tax Counsel

GAT:smk

bc: --- – Dist. Admin.