

M e m o r a n d u m

570.1480

To: Date: March 16, 1955

From: E. H. Stetson

Subject:

There would seem to be no basis for a different tax treatment of the use of oil tank cars and of oil tanker ships. Thus, as to those cars sold by "A" which were out of the State when title passed, the sales tax does not apply, but the use tax, in our opinion, does apply as to those of such cars that were leased back and received their principal use in this State after the sale. In determining the place of principal use, the same factors should be considered as were considered in determining the place of principal use of the tank ships.

"A", the seller with a place of business in California, would be liable for the amount of use tax required to be collected from the purchaser-lessors.

I do not recall a discussion in which I said "we cannot hold "A" for tax on any of these cars which were out of State at the time of sale". If I made such a statement it was, as you pointed out, probably with reference to sales tax on sales of cars outside California, the question of possible return of the cars to this State and being principally used here perhaps not having been presented.

EHS:tj