



STATE OF CALIFORNIA

## STATE BOARD OF EQUALIZATION

(916) 445-2641

January 31, 1984

REDACTED TEXT

This is in reply to your letter of November 28, 1983 addressed to Assistant Chief Counsel Gary Jugum which was referred to me for reply. You request our opinion on whether or not the sale or use of shredded automobile and truck tires used as a fuel is exempt from sales or use tax pursuant to Revenue and Taxation Code Section 6358.1 which, in subdivision (b), provides an exemption for the sale or use of:

“Waste by-products from agricultural or forest products operations, municipal refuse, or manufacturing, which are used in an industrial facility as a fuel source in lieu of the use of either oil, natural gas, or coal.”

Because tires are a part of the municipal waste stream, you believe that industrial firms using such tires as a fuel in lieu of oil, natural gas, or coal should be exempt from the sales tax. This would provide additional incentive to firms that are presently considering making the necessary plant modifications to accommodate shredded tires and would be consistent with the legislative intent of promoting the use of alternative fuels.

In our opinion, scrapped tires or scrapped shredded tires are “waste by-products from...municipal refuse...” within the intent of Section 6358.1. Therefore, the sale or use of scrapped tires or scrapped shredded tires used in an industrial facility as a fuel source in lieu of the use of either oil, natural gas, or coal is exempt from sales or use tax. We note that, prior to January 1, 1984, Section 6358.1 required that the waste by-products be “delivered in bulk.” This further requirement for exemption was deleted by Chapter 1059, Statutes of 1983.

If you have further questions, feel free to write me.

Very truly yours,

Donald J. Hennessy  
Tax Counsel