

**STATE BOARD OF EQUALIZATION**

**OFFICE CORRESPONDENCE**

**110.0400**

Sacramento, California  
December 20, 1956

To: Marysville – Auditing (TCL)  
From: Headquarters – Sales Tax Counsel (BH-JJD)

Re: S--- B--- C---, Ltd.  
R---

Account -- - XXX

This is in reply to your letter of December 7 concerning the application of the tax to the purchase of Aureomycin by the above mentioned account under the brand name of Auofac "A".

You state that the Aureomycin is purchased under a resale certificat for the purpose of being incorporated into a sheep feed which the taxpayer manufactures, but that a certain amount of the feed is not resold but is fed to animals belonging to taxpayer.

We agree completely with your conclusion that the drug may be purchased under a resale certificate, incorporated into the feed, and resold without disqualifying the feed as a non-taxable product. We also agree with your conclusion that the annotation dated March 7, 1952, under "Animals and Feed" is applicable and that the amount of drug which is used by taxpayer in feeding his own animals would constitute "a drug sold directly to a consumer; there is no basis in the Law for exemption from the tax even though the drug is mixed with a feed". The taxpayer would be liable for tax on the cost of that portion of the Aureomycin which becomes a component of the feed which is fed to his own animals.

Bill Holden

JJD:cl