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**STATE BOARD OF EQUALIZATION**

December 8, 1959

Gentlemen:

We confirm your conclusion set forth in your letter of December 1, written following a telephone conversation between Lauren Kelsey and the undersignor, that the sales tax will not apply with respect to sales of bonded bunker fuel made under the circumstances outlined in your letter. These are that:

1. The fuel oil will be brought to California from foreign countries and placed immediately upon arrival in bonded storage.
2. The fuel will be delivered directly from bonded storage into vessels.
3. The fuel will be delivered only to vessels engaged in international service and ships engaged in intercoastal trade which are eligible to buy bonded bunkers by reason of their transiting waters of other countries en route to United States ports of discharge."

We believe that sales of bonded bunker fuel made under the circumstances outlined are exempt under the principles of the United States Supreme Court in McGoldrick v. Gulf Oil Corporation, 309 U.S. 414, and is consistent with the position already taken by the Board that sales of bonded cigarettes and liquor are exempt from sales tax when sold out to Federal bonded warehouses to be used in ships' stores.

Very truly yours,

E. H. Stetson  
Tax Counsel

EHB: fb  
cc: Los Angeles - Administrator