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**STATE BOARD OF EQUALIZATION**

January 15, 1987

TO: MTE File  
FROM: Donald J. Hennessy  
SUBJECT: MTE Used For Purposes Other than Transportation of Persons or Property

Glenn Bystrom and I orally agreed to consider as MTE a vessel leased for stationary storage of cement with a rental price of \$100,000 a month. The huge ocean vessel is still fully outfitted for ocean travel and, to our knowledge, is not substantially integrated in real property as is for instance the Queen Mary.

In researching this question I had thought that we looked at whether the item was designed for transportation as a vessel and, if so, that we treated it as MTE, even if used solely for storage. But I cannot find evidence of that position of ours in either a statute, regulation or my file. On the face of it, the statute says that something is MTE only if for use in transportation of persons or property. That would probably be the best position to take, unless further investigation would provide a basis for going solely on what the item was designed for. In this case, the vessel still being fully outfitted for ocean going trips, and not being substantially attached to real property, would call for it still being treated as a vessel. We do not wish to get into a situation in which we must distinguish between how long MTE is used solely for storage in deciding whether it retains its status as MTE.

DJH: rar