



STATE BOARD OF EQUALIZATION

November 9, 1967

Gentlemen:

In your letter of November 3, 1967 you ask whether charges for sawing off the end of core samples are subject to tax.

The facts, as we understand them, are that a construction contractor is required to conduct compression tests on concrete structures. In order to be tested, core samples must have the ends finished in a certain manner. The contractor then brings the core samples to your firm, and you saw off the end of the core sample so that it can be properly tested. You make a charge for this which you term as being for labor only.

Your analogy to a machinist's machining a part is very apropos. In both instances, a different item is sent out than that which is received. You received a core sample that is not usable to your customer and you returned to him a core sample suitable for testing. You utilize the skill of your employees and the specialized equipment in your plant to transform the core sample into a different item of tangible personal property.

Therefore, as explained in my letter of September 5, 1967, Ruling 15 governs, and the charges you make for sawing off the ends of core samples to prepare them for tests are taxable.

Should you have further questions, please feel free to write.

Very truly yours,

T. P. Putnam
Tax Counsel

By A. Wells Petersen

AWP :mh [lb]