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**STATE BOARD OF EQUALIZATION**

(916) 445-8485

December 17, 1984

Dear REDACTED TEXT,

This is in response to your letter of November 19, 1984 which raised the following question:

“Can all tangible personal property acquired for the REDACTED TEXT contract, that is not incorporated on or into real property, be acquired ex-tax for resale to the U.S. Government?”

In our January 6, 1984 letter to you, it was concluded that the referenced REDACTED TEXT contract was a construction contract for the U.S. Government. As such, Regulation 1521(b)(1) has application. It was also concluded in our analysis, under the heading “Item(d)” that, pursuant to the contract title to various office supplies passed to the U.S. Government prior to functional use of such items, and; therefore, the sales of the items to the contractor were exempt sales for resale and the subsequent sale by the contractor to the U.S. Government are exempt sales pursuant to Revenue and Taxation Code Section 6381. Our conclusion regarding the office supplies was grounded on our assumption that all supplies in question would be totally consumed and exclusively utilized in performing the REDACTED TEXT contract.

Assuming that the same factors relied on in reaching our conclusion with respect to the office supplies are in evidence with respect to the other tangible personal property, alluded to in your question, the same conclusion is in order.

Very truly yours,

E. Leslie Sorensen, Jr.  
Tax Counsel

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