

Mr.

February 21, 1986

Gary J. Jugum

Friday Meeting [71] - February 21, 1986

This is in response to your memorandum of February 7, 1986, concerning the interpretation to be made of Revenue and Taxation Code section 6368 and Regulation 1594, "Watercraft".

The case in question involves a watercraft which **moves** from a California mainland port to an offshore fishing location within three miles of one of the island territories of this state. The journey from the mainland to the island covers approximately 60 miles. All fishing is done in the territorial waters of this state surrounding the island.

Mr. Hennessy, Mr. Murray, and I are in agreement that there are no commercial deep-sea fishing operations outside the territorial waters of this state here.

It is true that during the period of time the watercraft is journeying from the mainland to the island an "operational use" is being made of the watercraft within the definition of that term as set forth in Regulation 1594. What is lacking, however, is any actual fishing outside territorial waters. If we were to conclude that the case does involve qualifying fishing activities, then any time a vessel left a California port to fish along the coast the vessel would qualify for exemption if the time of the journey to and from the fishing grounds exceeded the time fishing, so long as the journey occurred beyond the three mile limit.

GJJ:sr

cc: Mr. Donald J. Hennessy
Mr. John Murray