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**STATE BOARD OF EQUALIZATION**

March 25, 1955

Gentlemen:

In your letter of March 17 you state that certain steamship companies have objected to your billing them an amount for sales tax on sales of a product called S upon the basis that it is not considered a product used for general cleaning and maintenance.

You state that it is used in the process of performing repairs to the structural part of the vessel, i.e., cleaning and gas-freeing double bottom fuel tanks in preparation for burning and welding.

Under the express terms of the statutory exemption, Section 6368 of the Sales and Use Tax Law, there are exempted "...any sales of tangible personal property becoming a component part of such watercraft in the course of constructing, repairing, cleaning, altering, or improving the same...." (underscoring added)

The determining question, therefore, is not whether the product is used for general cleaning or maintenance, but whether it becomes physically a component part of the watercraft. Since you state it is used in cleaning and gas-freeing fuel tanks, it would appear to be a consumable item and not one that becomes a component part of the watercraft. It appears, therefore, that your sale of this item does not fall within a statutory exemption.

For your convenient reference, we are enclosing a copy of Sales and Use Tax Ruling 51.5, adopted as an interpretation and explanation of Section 6368, note particularly the last three paragraphs of the ruling.

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:djr