**Private Letter Ruling**

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| **Ruling Number:** | **P-2001-086** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Pipeline additives.** |
| **Keywords:** |  |
| **Approval Date:** | **08/08/2001** |

**Body:**

Office of Policy & Research  
  
  
August 8, 2001

XXXXXXXXX  
XXXXXXXXX  
XXXXXXXXX  
  
Re: Private Letter Ruling Request  
  
Dear XXXXX:  
  
Please accept my apology for the delay in responding to your private letter ruling request. You indicated that your pipeline company uses an additive in its pipelines that improves the product flow by reducing friction. Your pipeline company injects this additive into either crude oil or refined products being transported by pipeline. It is a hydrocarbon and readily mixes with either product. It becomes part of the makeup of the crude or refined product and no effort is used to remove it. Your pipeline company is the buyer of the additive but does not own the crude or refined product being moved in its pipeline.  
  
You requested a ruling as to whether the purchases of this additive would be exempt from sales tax. Please be advised that if such purchases are of additives used in an interstate pipeline for movement directly and immediately in interstate commerce, then such purchases would be considered exempt from sales tax as consumed in interstate commerce. K.S.A. 2000 Supp. 79-3606(f). However, if such additives are used in intrastate pipelines, they would not qualify for exemption, because the purchaser of the additive is not the owner/producer of the product being transported by pipeline. See K.S.A. 2000 Supp. 79-3602(m); P-1998-108 (available on our website, www.ink.org/public/kdor).  
  
This is a private letter ruling pursuant to K.A.R. 92-19-59. It is based solely on the facts provided in your request. If it is determined that undisclosed facts were material or necessary to an accurate determination by the department, this ruling is null and void. This ruling will be revoked by operation of law without further department action if there is a change in the controlling statutes, administrative regulations, revenue rulings or case law that materially effects this determination.  
  
Very truly yours,  
  
  
  
Richard L. Cram  
  
  
**Date Composed: 08/16/2001 Date Modified: 10/11/2001**