

## Mike Pillow

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**From:** Mike Pillow  
**Sent:** Monday, May 20, 2002 5:02 PM  
**To:**  
**Subject:** Our File Number LR-02-065; Sales tax on the acquisition cost of gas compressors.

In your email of May 14, 2002 you asked the following questions. Our responses follow each.

1) If a compressor built in Texas by \_\_\_\_\_ goes to its first contract as a non-operated rental of TPP in Oklahoma, is tax due to Oklahoma on the cost of the parts to build, repair or maintain the compressor?

Response: If \_\_\_\_\_ holds a valid Oklahoma Sales Tax Permit, the acquisition cost of the unit is not subject to sales tax and neither are repair parts and items used to maintain the compressor. Please see Oklahoma Tax Commission rule 710:65-1-11. A copy has been sent to you.

2) Pertaining a bit to question one, if a compressor goes to a non-operated contract within the state of Texas, then later goes to a different non-operated contract located in the state of Oklahoma, is Oklahoma tax due on the parts purchased to build the compressor?

Response: No use tax is due on the compressor if it is brought into Oklahoma for the purpose of it being leased in Oklahoma. Instead, if \_\_\_\_\_ holds an Oklahoma Sales Tax Permit, the compressor will have been brought into Oklahoma for resale and the resale exemption would apply to it. Please refer to Oklahoma Tax Commission rule 710:65-13-200. A copy has been sent to you

This response applies only to the circumstances set out in your request of May 14<sup>th</sup>, 2002. Pursuant to Commission Rule 710:1-3-73(e), this Letter Ruling may be generally relied upon **only** by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and that there has been no change in applicable law.

Sincerely,

Michael G. Pillow  
Tax Policy Analyst  
Tax Policy and Research Division  
Oklahoma Tax Commission