

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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January 6, 2003

Re: Our File Number LR-02-228; Sale of fuels and energy to a manufacturer

Dear

This is in response to your inquiry referenced above. I have set out your fact situation below. It is followed by your questions and each question is followed by our response.

Fact Situation

I am seeking a ruling concerning Oklahoma's Regulation [Section] 710:65-13-150.1(b)(2)(A)(ii). This part of the regulation discusses supplies used in the manufacturing production. More specifically, it talks about different fuel types being exempt if used in the production process or when used to generate power or to create or maintain a temperature necessary for the production process.

Questions

My inquiry is whether this site grants an exemption for the fuel type used in powering exempt machinery used in the production process or if the fuel type has to be used up in some other way in order to qualify?

Response: Fuel used to power exempt production machinery that is used in the manufacturing process is exempt from sales or use tax in Oklahoma.

If the exemption covers the fuel used to power exempt machinery used in the production process, are there any measuring/metering requirements?

Response: The fuel or energy used to power exempt machinery used in the production process must be "predominately" used in the exempt production process in order to qualify for the exemption.

Also what would the manufacturer have to provide the utility company in order to not pay the sales tax?

Response: When a manufacturer is issued a Manufacturers/Sales Exemption Permit, the utilities providing service to the manufacturing site are notified by the Oklahoma Tax Commission, by letter, of the tax status of the utility accounts.

Also, what is the process in recouping sales tax paid on previous invoices?

Response: You may request a refund from the vendor or you may apply for a refund directly from the Oklahoma Tax Commission using the forms that have been previously sent to you by mail.

This response applies only to the circumstances set out in your request of December 11, 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.

If I can be of further assistance, please feel free to contact me.

Sincerely,
OKLAHOMA TAX COMMISSION



Michael G. Pillow
Tax Policy Analyst