OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

PHONE (405) 521-3133
FACSIMILE (405) 522-0063

July 9, 2007

Re: LR-07-081, (Sales Tax) Taxability of certain machinery.

Dear ,

This letter is in response to your inquiry as to the taxability of equipment manufactured by that converts liquid nitrogen into gas which is used in oil wells to enhance production. Each unit is manufactured and built upon a non-cargo trailer that becomes part of the final product sold to customers.

Pursuant to a review of the information submitted with the inquiry, it has been determined that in accordance with 47 O.S. Sec. 1102 (26), the nitrogen conversion unit falls under the classification of special mobilized machinery which is defined as follows:

"Special mobilized machinery" means special purpose machines or devices, either self-propelled or drawn as trailers or semitrailers, which derive no revenue from the transportation of persons or property, whose use of the highway is only incidental, and whose useful revenue producing service is performed at destinations in an area away from the traveled surface of an established open highway;

The sale of "Special mobilized machinery" is not subject to Oklahoma Sales Tax. However, the sale is subject to Oklahoma Motor Vehicle Excise Tax in accordance with 68 O.S Sec. 2103 (See enclosed copy). Motor Vehicle Excise Tax is levied at a rate of three and one-fourth percent (3 ¼%) of the value of such equipment.

In addition to the levy of Motor Vehicle Excise Tax, owners of qualifying equipment are required to register such equipment with the Tax Commission and remit the applicable fees set out in 47 O.S. Sec. 1129 (Copy enclosed).

If you should have any questions or need additional information you may contact me at 405-521-3133.

This response applies only to the circumstances set out in your request of June 19, 2007. 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,

Mark Hendrix
Tax Policy Analyst