**Private Letter Ruling**

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| **Ruling Number:** | **P-2002-077** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Consumed in production; mylar used in the manufacture of fiberglass tanks.** |
| **Keywords:** |  |
| **Approval Date:** | **09/23/2002** |

**Body:**

Office of Policy & Research

September 23, 2002

XXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXX

Dear Sirs:

The purpose of this letter is to respond to XXXXXXXXXXX letter dated September 12, 2002.

The letter states:

On behalf of our client XXXXXXXXX., I am requesting a private letter ruling to determine if “mylar” used in the manufacturing of fiberglass tanks is exempt from sales taxXXXXXXXXXXXXXXXX. manufactures fiberglass tanks for resale. The product “mylar” is used on the mandrel to keep the fiberglass from sticking to the mandrel. When the tank is completed and removed from the mold, the mylar is removed and disposed of. We are inquiring as to whether or not the mylar would fall under the category of exemption from sales tax because the product is “consumed in production” of tangible personal property. Please respond to XXXXXXXXXXXXXXXXXXXXXXXXX.

The applicable statutes are K.S.A. 79-3606(n), which provides for tax exemption for sales of tangible personal property which is consumed in the production, manufacture, processing, mining, drilling, refining or compounding of tangible personal property. . . for ultimate sale at retail within or without the State of Kansas. In addition, K.S.A. 79-3602(m) “Property which is consumed” means tangible personal property which is essential or necessary to and which is used in the actual process of and consumed, depleted or dissipated within one year in (1) the production, manufacture, processing, mining, drilling, refining or compounding of tangible personal property, (2) the providing of services, (3) the irrigation of crops, for sale in the regular course of business, or (4) the storage or processing of grain by a public grain warehouse or other grain storage facility, and which is not reusable for such purpose.

It is the opinion of the Kansas Department of Revenue that the item referred to as “mylar” used and consumed in manner described in this letter is consumed in production of tangible personal property for resale and is exempt from Kansas retailers’ sales tax and Kansas consumers compensating (use) tax.

When purchasing this item you should issue to the supplier exemption certificate ST-28C, enclosed.

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.

Sincerely,

Mark D. Ciardullo
Tax Specialist

MDC

**Date Composed: 09/25/2002 Date Modified: 09/30/2002**