**Private Letter Ruling**

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| **Ruling Number:** | **P-2007-005** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Purchases of CAP18 (a vegetable-oil product) by a manufacturing plant to remediate and control trichloroethene (TCE) contamination.** |
| **Keywords:** |  |
| **Approval Date:** | **07/26/2007** |

**Body:**

Office of Policy & Research  
  
  
July 26, 2007

XXXX  
XXXX  
XXXX

RE: Your e-mail received on July 13, 2007

Dear XXXX:  
  
Thank you for your recent e-mail. You are the president and CEO of a company in Dogjaw, Kansas that manufacturers rubber products. Over the years, trichloroethene (TCE) has migrated into the groundwater under the manufacturing plant. To remediate and control the TCE contamination, your company intends to use a system that injects CAP18 into the aquifer. CAP18 is a vegetable-oil product. The injection of CAP18 will create an anaerobic environment that is capable of dechlorinating the dissolved TCE as well as any other associated chlorinated solvents.  
  
You ask if your purchase of CAP18 is exempt from sales tax. The answer is yes --- the purchase is exempt from Kansas sales and use tax.  
  
You correctly observe that your purchase of the equipment that makes up the injection system is exempt under K.S.A. 2006 Supp. 79-3606(kk), the integrated production exemption which the Kansas legislature enacted in 2000. *See K.S.A. 79-3606(kk)(2)(A), which provides that "Integrated production operations" include "waste, pollution and environmental control operations, if any."* While the purchase of the injection equipment located at your plant is exempt under (kk), your purchase of CAP18 is exempt under a different subsection --- K.S.A. 2006 Supp. 79-3606(n). This provision exempts:

all sales of tangible personal property which is consumed in the production, manufacture, processing, mining, drilling, refining or compounding of tangible personal property, the treating of by-products or wastes derived from any such production process, the providing of services or the irrigation of crops for ultimate sale at retail within or without the state of Kansas; and any purchaser of such property may obtain from the director of taxation and furnish to the supplier an exemption certificate number for tangible personal property for consumption in such production, manufacture, processing, mining, drilling, refining, compounding, treating, irrigation and in providing such services;*K.S.A. 2006 Supp. 79-3606(n).*

I hope that this letter has addressed all of your questions. Please call me if you need to discuss anything further.  
  
This is a private letter ruling pursuant to Kansas Administrative Regulation 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 private letter ruling will be revoked in the future by operation of law without further department action if there is a change in the statutes, administrative regulations, or case law, or a published revenue ruling, that materially affects this ruling.

Sincerely,  
  
  
  
Thomas E. Hatten  
Attorney/Policy & Research

**Date Composed: 07/27/2007 Date Modified: 07/27/2007**