**Opinion Letter**

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| **Letter Number:** | **O-1998-16** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Taxability of oil and grease used in printing presses.** |
| **Keywords:** |  |
| **Approval Date:** | **10/12/1998** |

**Body:**

Office of Policy & Research  
  
October 12, 1998

XXXXX  
XXXXX  
XXXXX

RE: Your letter of September 21, 1998

Dear Mr. XXXX:  
  
This is in response to your letter of September 21, 1998. You have a client that is a commercial printer. You ask whether oil and grease used in the client’s printing presses are exempt from Kansas sales tax as consumed in production. The answer is that they are exempt.  
  
Lubricants used in manufacturing equipment has been exempt since 1970 as consumed in production. Before that, the Kansas sales tax law listed products that were exempt when used in processing and manufacturing. Exempt items included "oil and petroleum products." The Hodge Committee, which recommended numerous changes to the Kansas tax laws in 1970, issued a report which indicates that the legislative intent underlying the 1970 amendment was to move from a list of exempt consumables to providing a general conceptual description of items that are consumed in production. The Commission’s report states:

This recommendation would establish a 'consumables' exemption rule comparable to the component part rule, in place of the present listing of items exempt. Such a rule would be more responsive to technological changes in production, and eliminate the need for repeated legislative revision of the list of items exempt, and eliminate possible discrimination resulting from failure to list some items conceptually entitled to exemption." *Hodge Committee Report, Vol 1, p. 21.*

The explanatory provision that followed the exemption states: "Effect would be to exempt items now listed, except catalysts, and to exempt other consumable not now listed." *Hodge Committee Report, Vol II, p. 48.*The consumables listed in the prior law were:

Sales and purchases of electricity, steam, catalysts, coal, gas, explosives, water, *fuel oil or other petroleum products* or feed for animals for use in farming, processing, manufacturing, mining, drilling, refining, irrigation, telegraph and telephone and other taxable services or for use in movement in interstate commerce by railroad or public utility; and sale of insecticides, herbicides, germicides, pesticides and fungicides for use in the commercial production of fruit, vegetables, feeds, seeds, and animal products. (emphasis provided).

This legislative history shows that, when 1970 Kansas legislature enacted the current version of the laws for consumed in production, it intended to continue exempting sales of oil, grease, other lubricants, and similar products that are used in manufacturing and processing machinery. These sales have been exempt ever since.  
  
I hope that this letter addresses all your concerns. If not, please give me a call at (785) 296-4008.

Sincerely,  
  
  
  
Thomas E. Hatten  
Attorney/Policy & Research

**Date Composed: 10/29/1998 Date Modified: 10/10/2001**