



STATE BOARD OF EQUALIZATION

CURRENT LEGAL DIGEST

Use--Pipelines, Fuel Used in Flushing, in Removing Additives or Moisture, or Serving as a Minimum Buffer.

- A. Tax applies to the sales price of any tangible personal property used by a person who transports petroleum products by pipeline primarily for purposes of:
1. Flushing or cleaning the pipeline,
 2. Removing additives or moisture, or
 3. Serving as a minimum buffer between other products transported through the pipeline.
- B. Where, and to the extent that, a person who transports petroleum products by pipeline uses crude oil of his own production, or a product he has derived from such crude oil, for the purposes stated in A-1, A-2, and A-3, above, no tax liability is incurred by reason of such use.
- C. A minimum buffer is that quantity of a product which is required to prevent two other products, one immediately preceding and one immediately following the buffer product, from commingling with one another while being transported by pipeline from one place to another.

Whenever a product is introduced into a pipeline in larger quantities than required for buffering purposes, it will be presumed that the introduction was for the purpose of transportation.

(This supersedes CLD-204 dated January 7, 1969.)

GJJ:ab [lb]
5/26/70
(No back-up material.)