

**REVISED February 25, 2005**

To All Interested Parties:

In private letter rulings 04-011, 01-032, and 98-087, Publication 42, and a presentation held by the Tax Commission at the CITY on July 12, 2004, the commission had indicated that labor charges for the repair and installation of oil and gas field pipelines and storage tanks are taxable.

After a recent review of statutes, rules, orders, private letter rulings, and agency practices, the commission has made the following findings.

1. Tax Commission rule R865-19S-78(B)(2) (“Rule 78”) provides that labor charges for the repair and installation of personal property permanently attached to real property are nontaxable if those charges are separately stated on the invoice.

2. Pipelines and storage tanks are personal property permanently attached to real property (the wellhead). Based on Rule 78, the Tax Commission has reversed its earlier position and determined that labor charges for the repair or installation of oil and gas field pipelines and storage tanks are nontaxable if those labor charges are separately stated on the invoice.

This determination supersedes private letter rulings 04-011, 01-032, and 98-087, Publication 42, and any other direction to the contrary given by the Tax Commission prior to October 4, 2004.

For the Commission,

**Pam Hendrickson  
Commission Chair**

PH/sjm  
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