



STATE OF CALIFORNIA

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August 6, 1997

Mr. REDACTED TEXT, President  
REDACTED TEXT, Inc.

E. L. SORENSEN, JR.  
*Executive Director*

Dear Mr. REDACTED TEXT:

This is in reply to one of two letters you sent us dated July 25, 1997.

We understand that REDACTED TEXT, Inc., is a consulting firm engaged in a project to blend recycled drain oil and virgin fuel oil. This blended oil would then be used as an alternative fuel source by industrial facilities.

You are aware that sales of recycled drain oil to be used for the described purpose qualifies for exemption from sales tax pursuant to Revenue and Taxation Code section 6358.1.

You inquire as to application of this exemption to sales of blended products, and ask "at what ratio does the blend have to be for the entire blend to be exempt?"

It is our opinion that sales of the blended product will qualify for exemption if the product contains 90 percent or more recycled drain oil. A product containing 90 percent or more recycled drain oil is significantly a waste by-product.

Very truly yours,

Gary J. Jugum  
Assistant Chief Counsel

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Enc.

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