



STATE BOARD OF EQUALIZATION

February 10, 1967

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Gentlemen:

This is in regard to your inquiry concerning the application of tax with respect to the product "Ketlube" which you purchase for use in making candy.

It is our understanding that this product consists of vegetable oils and fats, mono and di glycerides, carbonate, hydroxylated lecithin, associated phosphatides, fatty acid esters, vegetable emulsifier, stabilizers, butyl hydroxyl anisole, propyl gallate, and citric acid. It is manufactured by "C", and is used, as its name indicates, as a kettle lubricant.

You state that Ketlube is applied to the inside of steel kettles in which hard candy is cooked. It serves as a lubricant, preventing candy from sticking to the kettles, and it also gives the cooked candy a texture which makes for easier shaping, cutting, and wrapping. You state that from 14 to 18 120-pound batches of candy are cooked in each kettle. Before each batch is cooked, the kettle is lubricated with Ketlube. After 14 or more batches have been cooked, approximately 98 percent of the Ketlube has been absorbed in the finished product. Inasmuch as a substantial portion of the Ketlube becomes incorporated in the finished product and imparts desired physical characteristics thereto, it is purchased for resale and not for use as a manufacturing aid. Accordingly, it is our opinion that the sale of Ketlube to you for such use is not subject to sales tax.

Very truly yours,

George A. Trigueros  
Associate Tax Counsel

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