

This notice was revoked on December 30, 2002 by Revenue Notice # 02-24.

Minnesota revenue notice

Revenue Notice # 95-10 Sales & Use Tax: Natural Gas Pipelines and Transporter Use Gas

Taxation

Natural gas that is purchased, consumed or used by a natural gas pipeline company in its operations or during the course of its operations in Minnesota is subject to sales or use taxation under Minn. Stat. Chap. 297A. If the gas is transferred to the pipeline company as reimbursement in-kind or as part of the consideration for the pipeline transportation services, the transaction will be considered a taxable transaction of pipeline services for natural gas and subject to sales or use tax.

Valuation

A record of the price paid or credited to the shipper constitutes the sales price of the natural gas for use tax purposes. If there is no record of the price paid or credited to the shipper, the Department of Revenue will accept the 30-Day Spot Price from any major natural gas price publication which reflects the Hub of origin that the shipper purchased the natural gas from and the dates of transfer of the natural gas. If the Hub of origin cannot be determined, the Department will accept a regional average price which reflects the Hub of origin of the natural gas. If the Hub of origin cannot be determined regionally, the Department will accept a national average price. The averages shall be determined by reference to major natural gas price publications which compute averages based upon 30-Day Spot Prices.

If it can be demonstrated that the natural gas was purchased by the shipper directly from the wellhead, the Department will accept the wellhead price from any major natural gas publication which reflects the location of the wellhead.

Dated: December 18, 1995

Patricia A. Lien
Assistant Commissioner for Tax Policy