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Manufacturing Contaminant Incidentally Used for Other Purposes

Does the business and occupation (B&O) tax under the "manufacturing" classification apply where a taxpayer in removing a contaminant, dangerous to his equipment, incidentally produces heat which is used in steam generation for the plant?

In the process of refining crude oil, catalytic coke will accumulate on catalyst. This reduces the catalyst's effectiveness. In order to remove the catalytic coke, it is common to burn the catalytic coke and use the resulting heat for purposes related to the refinery

Catalytic coke, which accumulated on the catalyst is not a manufactured product but is simply waste which must be removed. The process involved in removing the waste secondarily produced heat. The use of this heat is does not mean that the catalytic coke was produced for industrial use. Therefore, manufacturing B&O tax is not due on the production of catalytic coke.

Further, use tax was not due on the value of the catalytic coke because of RCW 82.12.0263.

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