



DEPARTMENT OF TAXATION
STATE OF HAWAII

December 30, 1983

TAX INFORMATION RELEASE

NO. 83-7

RE: Use Tax Imposed on Coal, Iron Grinding Balls and
Firebricks

Effective September 1, 1981, the use tax imposed by Section 238-2(3), Hawaii Revised Statutes, shall be imposed on coal imported for use as a fuel, iron grinding balls used in the grinding process, and firebricks used as liners in the production of cement and similar products.

Following the decision of the Tax Appeal Court in In the Matter of the Tax Appeal of Kaiser Cement Corporation, Case No. 1895, the Department of Taxation has determined that coal, iron grinding balls and firebricks are imported for use in the manufacturing of cement and not as raw materials constituting an ingredient or component of cement and like products. The minute incorporation of particles of coal, iron grinding balls and firebricks into the finished product is incidental; moreover, coal is harmful to the composition of cement.

Accordingly, the use tax imposed on these materials shall be four percent of the value of the property imported by the manufacturer.

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