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NO.
STATE OF NEBRASKA
OFFICIAL
NOV 17 1995
DEPT. OF JUSTICE

DATE: November 13, 1995

SUBJECT: Interpretation of Exemption from Sales and Use Tax for Molds, Dies, and Patterns Built for Manufacturing a Single Product Which is "Injection Molded from Plastic"

REQUESTED BY: M. Berri Balka, State Tax Commissioner

WRITTEN BY: Don Stenberg, Attorney General
L. Jay Bartel, Assistant Attorney General

You have requested our opinion regarding the interpretation of the exemption from sales and use tax of certain molds, dies, and patterns used in manufacturing resulting from the enactment of 1995 Neb. Laws, LB 430 (*codified at* Neb. Rev. Stat. § 77-2704.40 (Supp. 1995)). Section 77-2704.40 provides:

> Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental and the storage, use, or other consumption in this state of molds, dies, and patterns which have been specifically designed and fabricated to the special order of the customer. This exemption shall not include machinery, equipment, or tools to which molds, dies, and patterns have been connected or attached in order to be used for their intended purpose. For purposes of this section, molds, dies and patterns shall mean tools that are built specifically for manufacturing a single product, <u>which product is either injection molded from plastic</u> or stamped from metals. (emphasis added).

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The Department has issued an interpretational ruling discussing the application of the exemption for molds, dies, and patterns established under § 77-2704.40. Revenue Ruling 1-95-1. The Revenue Ruling construes the phrase "injection molded from plastic" in the exemption language as referring to a specific process for molding plastics. Various taxpayers have asserted that the phrase "injection molded" in the statute does not refer to this particular process but describes any molding process where plastic is introducted in some way into a mold. You have asked for our opinion as to the correctness of the Department's interpretation of the scope of the exemption.

Statutory language should generally be given its plain and ordinary meaning and where the words of the statute are plain, direct and unambiguous, no interpretation is necessary to ascertain their meaning. ***Sorensen v. Meyer,*** 220 Neb. 457, 370 N.W.2d 173 (1985). "In the construction of a statute, no sentence, clause, or word should be rejected as meaningless or superfluous; rather, the plain and ordinary meaning of the language employed should be taken into account in order to determine the legislative will." ***Weiss v. Union Ins. Co.,*** 202 Neb. 469, 473, 276 N.W.2d 88, 92 (1979). It is inappropriate to read a meaning into a statute which is not warranted by the legislative language. ***Anderson v. Autocrat Corp.,*** 194 Neb. 278, 231 N.W.2d 560 (1975). Statutes conferring exemptions from taxation "are strictly construed, and their operation will not be extended by construction." ***Omaha Public Power Dist. v. Nebraska Dept. of Revenue,*** 248 Neb. 518, 519, 537 N.W.2d 312, 314 (1995). The interpretation of a statute by the administrative agency to which it is directed is entitled to weight. ***Vulcraft v. Karnes,*** 229 Neb. 676, 428 N.W.2d 505 (1988).

The Department's Revenue Ruling defines "[i]njection molding" as "a process whereby a metered quantity of a heated and plasticized material is injected under pressure into a mold and allowed to solidify, usually by cooling, in order to form the material into a predetermined shape." This is consistent with the common and generally understood definition of the manufacturing process known as "injection molding". Goetsch, D. L., Modern Manufacturing Processes 88 (1991). "Injection molding" is recognized as a particular type of process used in the manufacture or fabrication of plastics. In addition to "injection molding", other commonly used fabrication processes include extrusion, compression molding, blow molding, and rotational molding. Kazaras, H. C., Baker, G. E., and Gregor, T., Basic Manufacturing Processes 71-73 (1981).

In our opinion, the Department's Revenue Ruling correctly interprets the phrase "injection molded from plastic" as being limited to the particular type of process known as "injection molding". The definition employed by the Department is consistent

with the plain language of the statute, which limits the scope of the exemption to molds used for manufacturing a single product which is "injection molded from plastic." The language employed by the Legislature refers to a particular type of process used in the manufacture or fabrication of plastics. It cannot be extended by interpretation to include the numerous other processes in which plastic is introduced in some fashion into a mold. Had the Legislature intended to establish such a broad exemption, it would not have employed language limiting the exemption to molds built for manufacturing a single product which is "injected molded" from plastic. The Department's Revenue Ruling properly gives effect to the plain meaning of the language used by the Legislature, and is consistent with the rule that the exemption should be narrowly construed. The interpretation adopted by the Department is entitled to weight, and we cannot say that it is incorrect.

In conclusion, it is our opinion that the Department's Revenue Ruling 1-95-1, interpreting the phrase "injection molded from plastic" in the exemption language in § 77-2704.40 as meaning the specific process for manufacturing or fabricating plastics commonly known as "injection molding", properly construes the meaning of this phrase.

Sincerely,

DON STENBERG
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Approved:

Attorney General