

**M e m o r a n d u m****325.1630**

To: Inglewood – Auditing (ECM)

Date: March 8, 1977

From: Headquarters – Tax Counsel (HLC)

Subject: Use of Bonded Fuel  
by --- --- Line, Inc.

SS -- XX XXXXXX

This is to modify the advice given in your memorandum dated February 9, 1977, of the same subject. Mr. Ishii provided information regarding a decision by the Supreme Court of Minnesota (Northwest Airlines v. Commissioner of Revenue, 247 N.W. 2d 33) which requires a conclusion that an aircraft which stops at more than one city in the United States is nevertheless engaged in foreign commerce if its origin or destination is outside the United States. Therefore, the answers to questions 1(c) and 1(d) of your memorandum of January 26, 1977, must be changed. You inquired whether tax applies to sales of fuel from bonded storage where the flight originates in another country, stops at a California airport to take on bonded fuel, and departs for an out-of-state destination. Our conclusion is that tax does not apply in this situation.

HLC:jw