



STATE OF MICHIGAN

DEPARTMENT OF TREASURY

TREASURY BUILDING

LANSING, MICHIGAN 48922

JOHN ENGLER, Governor

DOUGLAS B. ROBERTS, State Treasurer

October 5, 1998

Ronald E. Sink, Treasurer
Norfolk Southern Railway Company
110 Franklin Road, S.E.
Roanoke, Virginia 24042-0028

Re: Account #53-6002016

Dear Mr. Sink:

In response to your correspondence of September 24, 1998, the Revenue Division of the Michigan Department of Treasury, hereby authorizes Norfolk Southern Railway Company to operate under a direct pay permit for Michigan sales and use taxes. This becomes effective September 24, 1998.

This letter is your "direct pay" permit. This represents your authority to report sales and use tax liabilities directly to the Department of Treasury, and is limited to purchases of tangible person property. In addition, the following are excluded from your direct pay authorization:

1. Materials furnished by, or supplied to, construction contractors in the performance of a contract to construct, alter, repair or improve real estate.
2. Vehicles purchased, leased or rented for highway use and requiring a license and title.
3. Aircraft.
4. Watercraft.
5. Services subject to use tax including communication services and motel rentals.
6. Petty cash purchases made by company employees on behalf of the company.
7. Prepayment of sales tax on gasoline.
8. Tangible personal property consumed by a person performing any service activity for your company.

The purchase of power, steam, gas, etc. and capital appropriation items may be included under your direct pay procedure.

When claiming exemption from sales and use taxes on purchases of tangible personal property, other than those transactions stated above, you should state on your purchase orders to vendors this notation: "Authorized to pay sales or use taxes on purchases of tangible personal property directly to the State of Michigan under Account Number 53-6002016".

You may furnish a copy of this letter to any vendor who questions your direct pay authority.

If you have any questions, please write or call this office at (517) 373-2746.

Sincerely,

Dale P. Vettel, Administrator
Sales, Use and Withholding
Taxes Division

DPV:pp

