

State Tax Commission Vs. Interstate Nat. Gas. Co., Inc.

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Court : US Supreme Court

Decided On : Nov-23-1931

Appeal No. : 284 U.S. 41

Appellant : State Tax Commission

Respondent : interstate Nat. Gas. Co., Inc.

Judgement :

State Tax Commission v. Interstate Nat. Gas. Co., Inc. - 284 U.S. 41 (1931)

U.S. Supreme Court State Tax Commission v. Interstate Nat. Gas. Co., Inc., 284 U.S. 41 (1931)

State Tax Commission of Mississippi v.

Interstate Natural Gas. Co., Inc.

No. 40

Argued October 26, 1931

Decided November 23, 1931

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APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES

SYLLABUS

The selling of gas wholesale to local independent distributors from a supply passing into and through the state in interstate commerce does not become a local affair and subject to a local privilege tax merely because the vendor, to deliver the quantities sold, uses a thermometer and a meter and reduces the pressure.

Affirmed.

Appeal from a decree enjoining the Commission from enforcing a privilege tax.

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MR. JUSTICE HOLMES delivered the opinion of the court.

This is an appeal from a decree of three judges sitting according to statute in the District Court, by which the Tax Commission of the State of Mississippi is permanently enjoined from enforcing a Privilege Tax Law of that state, being Chapter 88 of the laws of 1930, against the Interstate Natural Gas Company, the plaintiff in this suit.

The facts are agreed. The plaintiff has a trunk line of pipe extending from gas fields in Louisiana through Mississippi and back to Louisiana, 72.42 miles having a diameter of 22 inches, 8.11 miles having a diameter of 12 inches, and 4.99 miles a diameter of 10 inches. It sells daily to distributors in Louisiana about 70,000,000 cubic feet of natural gas in summer, and about 75,000,000 feet in winter. In Mississippi, it sells, as will be explained, from 204,000 to 520,000 feet, according to the season. The gas flows continuously from the gas fields in Louisiana and obviously, for much the greater part, at least, in interstate commerce. But the appellants rely upon business done under two similar contracts made in New York to show that there was intrastate commerce in Mississippi that may be taxed without burdening the main activity that the state cannot touch. *Ozark Pipe Line Corp. v. Monier*, [266 U. S. 555](#) , [266 U. S. 563](#) ; *East Ohio Gas Co. v. Tax*

Commission, [283 U. S. 465](#) , [283 U. S. 470](#) . Distributing companies tap the plaintiff's pipes near Natchez and the town of Woodville. The gas withdrawn by the distributors is measured by a thermometer and a meter furnished by the plaintiff, which is the only way in which it can be measured. The pressure of the gas is reduced by the plaintiff

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before it passes into the purchaser's hands. The work done by the plaintiff is done upon the flowing gas to help the delivery, and seems to us plainly to be incident to the interstate commerce between Louisiana and Mississippi. The plaintiff simply transports the gas and delivers it wholesale, not otherwise worked over than to make it ready for delivery to the independent parties that dispose of it by retail. *Missouri v. Kansas Gas Co.*, [265 U. S. 298](#) ; *Public Utilities Commission v. Landon*, [249 U. S. 236](#) , [249 U. S. 245](#) ; *Ozark Pipe Line Corp. v. Monier*, [266 U. S. 555](#) .

Decree affirmed.

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