**Private Letter Ruling**

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| **Ruling Number:** | **P-1998-175** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Purchases by farmers.** |
| **Keywords:** |  |
| **Approval Date:** | **10/30/1998** |

**Body:**

Office of Policy & Research

October 30, 1998  
  
  
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Dear Ms. TTTTT:  
  
We wish to acknowledge receipt of your letter postmarked October 10, 1998, regarding the application of Kansas Retailers’ Sales tax.  
  
K.S.A. 79-3606(t) exempts from sales tax: “all sales of farm machinery and equipment or aquaculture machinery and equipment, repair and replacement parts therefor and services performed in the repair and maintenance of such equipment. For purposes of this subsection the term “farm machinery and equipment or aquaculture machinery and equipment” shall include machinery and equipment used in the operation of Christmas tree farming but shall not include any passenger vehicle, truck, truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as such terms are defined by K.S.A. 8-126 and amendments thereto. . .”  
  
The gross receipts from the service of drilling a new water well would exempt from retailer’ sales tax. Materials expended or installed in a new water well would be subject sales tax.  
  
Services to assemble irrigation equipment for farm use would not be subject to retailers’ sales tax. The parts of the irrigation system that are deemed to be farm machinery and equipment would also be exempt if purchased for farm use.  
  
It has been a long standing position of the Kansas Department of Revenue that the pivot system, heat exchanger, flowmeter, gear drive, bowl units, column pipe, tubing and shaft assembly, check valve, and the discharge head, as well as submersible pumps and motors, gate and check valves and drop pipe, would constitute farm machinery and equipment.  
  
The cement base, casing, gravel and the underground discharge pipe, along with the pressure tank, galvanized nipples and fittings, well pits and lids, well seals, and pitless units and/or adapters are not farm machinery and equipment, but in fact are a part of real property, as is any other permanently attached item. Additionally, any tangible personal property used to measure and transmit electrical power (i.e., transmission lines, substations, line transformers, electrical meters, control boxes, switches and electrical disconnects) would not come within the exemption provisions of K.S.A. 79-3606(t), as farm machinery and equipment.  
  
Aside from the farm machinery and equipment sales tax exemption, farmers and ranchers must usually pay sales tax on items purchased for use in farming and ranching operations. Thus, purchases of boots, gloves, work clothes, fencing materials, building materials, baling twine and wire, hand tools, etc., are subject to sales tax in the state of Kansas. Drill bits actually utilized in the exploration and production of oil or gas are specifically exempt from Kansas sales tax(es), pursuant to K.S.A. 79-3606(pp).  
  
For your convenience, I have enclosed Information Guide 19-89-2, entitled, “Sales Tax Exemption for Farm Machinery and Equipment and Certain Supplies”.  
  
This is a private letter ruling pursuant to K.A.R. 92-19-59. It is based solely on the facts provided in your request. If it is determined that undisclosed facts were material or necessary to an accurate determination by the department, this ruling is null and void. This ruling will be revoked in the future by the operation of law without further department action if there is a change in the statutes, administrative regulations, or case law, or published revenue ruling, that materially effects this private letter ruling. If I may be of further assistance, please contact me at your earliest convenience at (785) 296-7776.  
  
Sincerely yours,  
  
  
Thomas P. Browne, Jr.  
Tax Specialist  
  
TPB  
  
Enc  
  
  
**Date Composed: 11/02/1998 Date Modified: 10/10/2001**