**Private Letter Ruling**

|  |  |
| --- | --- |
| **Ruling Number:** | **P-1998-178** |

|  |  |
| --- | --- |
| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Nonprofit Endowment Associations** |
| **Keywords:** |  |
| **Approval Date:** | **10/23/1998** |

**Body:**

Office of Policy & Research

October 23, 1998  
  
  
TTTTTTTTTTTTT  
TTTTTTTTTTTTT  
TTTTTTTTTTTTT  
TTTTTTTTTTTTT  
TTTTTTTTTTTTT  
  
  
Dear Mr. TTTTTT:  
  
We wish to acknowledge receipt of your letter dated July 6, 1998, regarding the application of Kansas Retailers’ Sales tax.  
  
Schools and educational institutions are exempt from paying sales tax on their purchases. The 1998 legislature defined an "educational institution" to mean a nonprofit school, college, or university that offers educational courses at a level above the twelfth grade and meets certain requirements fixed by the statute. This new definition also includes:

Nonprofit endowment associations and foundations that operate exclusively for the support and benefit of an educational institution;  
Nonprofit entities whose principal purpose is to hold receipts from intercollegiate sporting events and to disburse these receipts, as well as grants and gifts, for the sole benefit of the athletic programs of an educational institution;  
Nonprofit research organizations whose primary purpose is to pursue scholarly investigation and research for the sole benefit of an educational institution; and  
A group of educational institutions that operate exclusively for an educational purpose***,***suchas the NCAA.

Educational institutions are eligible to obtain a project exemption when constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing, or remodeling buildings other than dormitories, and when they make other improvements to property. K.S.A. 79-3602(s).  
  
Please be advised, that based upon the information that you presented to this office, there is a basis to support an exemption from Kansas sales/use tax for purchases by the TTTTTTTTTTTTTTTTTTTTTT as an educational institution. However, the endowment association would still be obligated to collect the appropriate Kansas sales tax(es) on all their sales of tangible personal property and taxable services, which include, but not be limited to, the annual benefit auction, where you charge admission, serve a meal and sell items which have been donated to you.  
  
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  
  
  
**Date Composed: 11/04/1998 Date Modified: 10/10/2001**