**Private Letter Ruling**

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| **Ruling Number:** | **P-1999-264** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Non-profit organization raising funds to be spent on students and their extracurricular activities.** |
| **Keywords:** |  |
| **Approval Date:** | **12/10/1999** |

**Body:**

Office of Policy & Research  
  
  
December 10, 1999

XXXXXXXXXX  
XXXXXXXXXX  
XXXXXXXXXX  
XXXXXXXXXX  
XXXXXXXXXX  
  
Re: Kansas Sales Tax  
  
Dear XXXXX:  
  
Your correspondence of August 11, 1999, has been referred to me for response. Thank you for your inquiry.  
  
Your letter indicates your organization is a new, non-profit organization that works with your high school (XXXXXXX High School) to raise funds to be spent on students and their extracurricular activities. Every dollar you make goes back to the school and its students to provide for things above and beyond what the school budget can afford to do. Yours is the only parent-teacher organization that works with the high school.  
  
Your letter goes on to state, in pertinent part:

Therefore, we are requesting exemption from paying sales tax on all direct purchases of goods, merchandise, and taxable services for the use, consumption or resale by our organization and from collecting sales tax on retail sale of goods and merchandise through K.S.A. 79-3606(yy) (exemption for parent-teacher associations).  
  
What we are unsure of, however, is the status of several of our proposed fundraisers other than the sale of goods and merchandise. If we hold a golf tournament and charge a $60 participation fee, would we pay sales tax on the entry fee? If we would have a parade of homes in which a person would pay $10 to view 5 homes, would this be something we would need to collect sales tax on? Do we pay sales tax on membership fees? Do we pay sales tax on “raffles” per se? . . . .

As you know, the Kansas sales tax is imposed by K.S.A. 79-3603. Exemptions from the tax are found in K.S.A. 79-3606. Subsection (yy) of the statute provides an exemption for:

(yy) all sales of tangible personal property and services purchased by a parent-teacher association or organization, and all sales of tangible personal property by or on behalf of such association or organization;

The Department of Revenue has determined that for purposes of the exemption extended at K.S.A. 79-3606(yy), the phrase “parent-teacher association” shall mean a nonprofit parent-teacher association chartered by the National PTA or Kansas PTA that is authorized to operate within a public or private school by the governing authority of the school. A “parent-teacher organization” shall mean a nonprofit parent-teacher organization that is functionally equivalent to a “parent-teacher association” and is authorized by the governing authority of a public or private school to operate within the school.  
  
To qualify for the exemption, the PTA or PTO must (1) operate for the benefit and support of an individual school; (2) have a defined organizational structure, purpose, and goals; and (3) be recognized by the school as a PTA/PTO. The PTA/PTO must provide programs within a school promoting the education, health and safety of children. There is generally only one PTA/PTO within a school and they must have long term goals and objectives and numerous programs operating within the school.  
  
Based on the information provided in your letter it is not clear your organization qualifies for the exemption. While it does operate for the benefit and support of an individual school your correspondence does not indicate whether your organization has a defined organizational structure, purpose, and goals, with programs to promote the education, health and safety of children. In the absence of this information, we cannot grant the exemption you have requested.  
  
Therefore, in the context of your letter, you would be required to pay sales tax on the entry fee for a golf tournament you sponsor, you would collect sales tax on admission charges to home tours, and you would pay sales tax on “raffles” or similar events. Your letter also mentions membership fees, but does not provide sufficient details as to their sale or use to permit specific a determination in that regard. If you wish you may submit additional information about these fees for our consideration.  
  
I trust this information is of assistance. If I can be of further service, please feel free to contact me.  
  
Sincerely,  
  
  
  
Jim Weisgerber  
Attorney  
Tax Specialist  
  
JW:jw  
  
  
**Date Composed: 12/16/1999 Date Modified: 10/11/2001**