**Private Letter Ruling**

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| **Ruling Number:** | **P-2005-004** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Manufacturer's Exemption.** |
| **Keywords:** |  |
| **Approval Date:** | **03/18/2005** |

**Body:**

Office of Policy & Research  
  
  
March 18, 2005

xxxxxxxxxxx  
xxxxxxxxxxxxxx  
xxxxxxxxxxxxx  
xxxxxxxxxxxx  
xxxxxxxxxxxxxxxxxxxxxxxx  
  
Dear Mr. xxxxxxx:  
  
Xxxxxxxxxxxxxx and the department have had discussions during the past 2 months concerning the tax exempt status of xxxxxxxxxxxxx. On February 23, 2005, Bob Clelland determined xxxxxxxxxxxxxxx was a manufacturer and mailed to you a Manufacturer’s Exemption letter. This letter enables your organization to purchase materials used in the manufacturing process exempt from sales tax.  
  
In the letter mailed to the department on February 23, 2005 you included information that showed xxxxxxxxxxxxxx had been exempt from sales tax as an nonprofit educational institution. You are requesting a similar ruling at this time. Please be advised that xxxxxxxxxxxxxxxx is not exempt as an educational institution since July 1, 1998 because of a legislative enactment that defined "educational institution." *See 1998 Kan. Sess. Laws Chap. 130,Sec. 29.* This definition is now found at K.S.A 79-3602(l):

(l) "Educational institution" means any nonprofit school, college and university that offers education at a level above the twelfth grade, and conducts regular classes and courses of study required for accreditation by, or membership in, the North Central Association of Colleges and Schools, the state board of education, or that otherwise qualify as an "educational institution," as defined by K.S.A. 74-50,103, and amendments thereto. Such phrase shall include: (1) A group of educational institutions that operates exclusively for an educational purpose; (2) nonprofit endowment associations and foundations organized and operated exclusively to receive, hold, invest and administer moneys and property as a permanent fund for the support and sole benefit of an educational institution; (3) nonprofit trusts, foundations and other entities organized and operated principally to hold and own receipts from intercollegiate sporting events and to disburse such receipts, as well as grants and gifts, in the interest of collegiate and intercollegiate athletic programs for the support and sole benefit of an educational institution; and (4) nonprofit trusts, foundations and other entities organized and operated for the primary purpose of encouraging, fostering and conducting scholarly investigations and industrial and other types of research for the support and sole benefit of an educational institution.

The 1998 enactment effectively revoked xxxxxxxxxxxxxx status as a non-profit educational institution. There is nothing in the new definition that exempts would exempt xxxxxxxxxxxxx as an educational institution. Accordingly, all purchases consumed by xxxxxxxxxxxxxxxxx are taxable.  
  
Please call me if you need to discuss this matter further. 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.

Sincerely,  
  
Steven Brunkan  
Office of Policy and Research  
  
  
**Date Composed: 03/25/2005 Date Modified: 03/25/2005**