NOTICE 04-12

REVISED JULY 1, 2007

NEW KANSAS TAX-EXEMPT ENTITY EXEMPTION CERTIFICATES HAVE BEEN ISSUED

In September (2004) the department notified you of its intent to issue a new type of exemption certificate to certain tax-exempt entities, as required by the 2004 Legislature. The purpose of this notice is to advise you the new numbered Tax-Exempt Entity Exemption Certificates (form series PR-78) have been issued. Since November 1, 2004 over 8,500 Kansas tax-exempt entities have received their new numbered certificate from the department. The department issued these new certificates in advance of the January 1, 2005 effective date to give all parties involved more time to integrate this new exemption process into their business practices. Recipients may begin using their new certificates immediately; the legislation requires the new certificate be presented to retailers in order to receive a sales or use tax-exemption on purchases made on or after January 1, 2005.

An example of the new certificate and a list of the entities receiving it are on page 2 of this notice. The center section of the certificate contains the entity’s name, address, exemption number, and the certificate expiration date. Like other certificates, the top section of the certificate provides the exempting statute and transaction information and the bottom section contains information about the exemption as well as useful tips for the retailer.

WHAT IF AN ENTITY IS USING AN OUT-DATED BLANK CERTIFICATE?

The department requests your assistance in making sure Kansas tax-exempt entities provide you with a copy of their new certificate and discontinue use of their out-dated blank certificates. They should do this as soon as the new certificate is received but no later than December 31, 2004. Retailers may not accept the blank certificates (for example, ST-28O for religious organizations) on or after January 1, 2005. If you have an exempt customer using an out-dated blank certificate, and they have not received a new certificate from the department, please notify them that they need to obtain a new numbered Tax-Exempt Entity Exemption Certificate from the department.

They apply for the certificate on the department’s web site, www.ksrevenue.org. On the home page, under “Your Business” is a link to the On-line Business Center. If the exempt organization does not currently have an account at the Business Center, it must create one before it can access the “Certificate” button to apply for a certificate. Once approved, they can return to the site to retrieve and print the certificate.

WHO IS NOT IMPACTED BY THE NEW CERTIFICATES

The issuance of these new exemption certificates to nonprofit and governmental entities does not affect the following exempt transactions; the current certificate(s) will continue to be used.

Agricultural Sales, ST-28F
- Aircraft, ST-28L
- Consumed in Production, ST-28C
- Designated or Generic Exemption Certificate, ST-28. (For use by out-of-state exempt entities – see below.)
- Direct Mail, ST-31
- Dry Cleaning/Laundry Retailer, ST-28X
- Ingredient or Component Part, ST-28D
- Integrated Production Machinery & Equipment, ST-201
- Interstate Common Carrier, ST-28J
- Multi-Jurisdiction, ST-28M
- Railroad, ST-28R
- Resale, ST-28A
- Retailer/Contractor, ST-28W
- Tire Retailer, ST-28T
There is also no change to the current process that businesses and tax-exempt entities must use to request a utility exemption (Request Form ST-28B) or a Project Exemption Certificate (PEC).

OUT OF STATE EXEMPT ENTITIES

Non-Kansas based exempt entities (schools, nonprofit hospitals, etc.) were not initially issued the new Tax-Exempt Entity Exemption Certificate. When making purchases in Kansas, these entities will now use the redesigned Designated or Generic Exemption Certificate (Form ST-28). This certificate has been revised and expanded to accommodate use by these entities and is available on the department’s web site. The Designated or Generic Certificate CANNOT be accepted from a Kansas organization that has been issued a uniquely numbered Tax-Exempt Entity Exemption Certificate. The department recommends that out of state exempt organizations who often make purchases in Kansas apply for a Kansas Tax-Exempt Entity Exemption Certificate using the web site application outlined above.

EXAMPLE OF THE NEW TAX-EXEMPT ENTITY EXEMPTION CERTIFICATES, Form Series PR-78

Reproduced below is a sample of the Tax-Exempt Entity Exemption Certificate (for schools and educational institutions) to illustrate the general format of this type of exemption certificate. All certificates are 8 ½” X 11; certificates in the initial mailing contain a bar code for mailing purposes.

The following Kansas entities and organizations have received numbered tax-exemption certificates:

State of Kansas and its agencies
Kansas political subdivisions – cities, counties, townships, school districts
Nonprofit hospitals
Nonprofit blood, tissue and organ banks
Nonprofit educational institutions (colleges, universities, trade schools, etc. providing education above grade 12)
Elementary and secondary schools
Kansas groundwater management districts
Rural water districts and water supply districts
Port authority
Nonprofit nursing home, assisted living facility, interim care home
Nonprofit, nonsectarian, comprehensive youth development organizations
Community-based mental retardation facilities or mental health centers
Nonprofit public health corporations
Community action groups/agencies for weatherization of low-income homes
Nonprofit museums
Nonprofit historical societies
Nonprofit zoos
Public broadcasting stations (radio and TV)
Nonprofit organizations building Kansas Korean War Memorials
Parent-Teacher Associations and Organizations
Contractors preparing meals for the homebound elderly, disabled, indigent or homeless (such as Meals on Wheels)
Rural volunteer fire fighting organizations
Kansas chapters of these Organizations:
American Heart Association
Kansas Mental Illness Awareness Council
American Diabetes Association, Kansas Affiliate
American Lung Association
Kansas Alliance for the Mentally Ill
Alzheimer’s Disease and Related Disorders Assn., Inc.
Parkinson’s disease association
National Kidney Foundation (of KS and Western MO)
Heartstrings Community Foundation (effective 1/1/2005)
The Cystic Fibrosis Foundation, Heart of America Chapter (effective 1/1/2005)
Spina Bifida Association (effective 1/1/2005)
CHWC, Inc. (effective 7/1/2006)
Cross-lines Cooperative Council (effective 7/1/2006)
Dreams Work, Inc. (effective 7/1/2006)
KSDS, Inc. (effective 7/1/2006)
Lyme Association of Greater Kansas City, Inc. (effective 7/1/2006)
Dream Factory, Inc. (effective 7/1/2007)
Ottawa Suzuki Strings, Inc. (effective 7/1/2007)
International Association of Lions Clubs (effective 7/1/2007)
Johnson County Young Matrons, Inc. (effective 7/1/2007)
American Cancer Society, Inc. (effective 7/1/2007)
Community Services of Shawnee, Inc. (effective 7/1/2007)
Angel Babies Association (effective 7/1/2007)
Habitat for Humanity for housing project materials
Free-Access Radio and TV Stations
Religious Organizations
Primary care clinics and health centers serving the medically underserved
Kansas Academy of Science
Domestic violence shelters that are members of the Kansas Coalition against Sexual and Domestic Violence (KCSDV), (effective 1/1/2005)
Kansas Bioscience Authority - 2004 HB 2647, Section 12, (effective 7/1/2004)
Special Olympics Kansas, Inc. (effective 7/1/2006)
Marillac Center, Inc. - purchases of tangible personal property only (effective 7/1/2006)
West Sedgwick County - Sunrise Rotary Club and Sunrise Charitable Fund (effective 7/1/2006)
County Law Libraries (effective 7/1/2006)
501(c)(3) Homeless Shelters (effective 7/1/2006)
Jazz In The Woods, Inc. (effective 7/1/2007)
Frontenac Education Foundation (effective 7/1/2007)
Rotary Club of Shawnee Foundation (effective 7/1/2007)
Victory In The Valley, Inc. (effective 7/1/2007)
Booth Theatre Foundation, Inc. (effective 7/1/2007)
TLC Charities Foundation, Inc. (effective 7/1/2007)

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