

KANSAS DEPARTMENT OF REVENUE

CLASS II AND CLASS III RAILROAD EXEMPTION CERTIFICATE

The undersigned Class II or Class III railroad certifies that the materials and services purchased from:

Seller: _____
Business Name

Address: _____
Street, RR, or PO Box City State Zip + 4

is exempt from Kansas sales and compensating use tax for the following reason:

Effective May 27, 1999, K.S.A. 79-3606(ddd) exempts all sales of materials and services purchased on and after January 1, 1999, and before January 1, 2000, by any class II or class III railroad as classified by the Federal Surface Transportation Board for the construction, renovation, repair or replacement of class II or class III railroad track and facilities used directly in interstate commerce.

Description of materials and/or services purchased:

The undersigned class II or class III railroad understands and agrees that if the track or facility for which materials and services were purchased sales tax exempt is not operational for five years succeeding the allowance of this exemption, the total amount of sales tax which would have been payable except for the operation of this exemption shall be recouped in accordance with rules and regulations adopted for such purpose by the secretary of revenue. Further, the undersigned purchaser understands and agrees that if the materials or services are used other than as stated above or for any purpose that is not exempt from sales or compensating use tax, the undersigned purchaser becomes liable for the tax.

Purchaser: _____
Name of Class II or Class III Railroad

Address: _____
Street, RR or PO Box City State Zip + 4

Authorized Signature: _____ Date: _____

THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.

WHO MAY USE THIS CERTIFICATE?

To qualify for this exemption, the railroad must be classified as a Class II or Class III railroad by the Federal Surface Transportation Board.

WHAT PURCHASES ARE EXEMPT?

Only those materials or services purchased by a qualifying railroad from January 1, 1999, through December 31, 1999, and used to construct, renovate, replace, or repair railroad track and facilities owned by the qualifying railroad and used directly in interstate commerce qualify for this exemption. "Railroad track and facilities" means property that is normally located within a qualifying railroad's right-of way. This includes, but is not limited to:

Table with 5 columns: Ballast, Bridge steel, Concrete or stone materials, Culverts, Frogs, Loading facilities, Rails, Signals, Signal towers, Spikes, Steel, Switches, Switch points, Switch stands, Switch ties, Ties, Tie plates, Watchmen's shacks, Unloading facilities.

Railroads are also exempt from paying sales tax on tangible personal property purchased for consumption or movement directly and immediately interstate commerce under K.S.A. 79-3606(f), and on repair parts and service for rolling stock used in interstate commerce under K.S.A. 79-3606(y). Railroads should use the "Railroad Exemption Certificate," Form ST-28R, to claim sales tax exemption when purchasing these items.

WHAT PURCHASES ARE TAXABLE?

"Railroad track and facilities" does NOT include office buildings, office equipment, motor vehicles, repair equipment, tools, warehouses, and other property and equipment that is not normally part of the railroad track and other fixed facilities that are incorporated into the railroad's right of way. Materials or services purchased by a railroad for these items are subject to sales tax. Also taxable are purchases made by contractors of materials, supplies, and services for use by them in performing contracting work for a railroad.

A more complete discussion of this exemption and the procedure to obtain a refund of the sales tax paid on qualifying property from January 1, 1999, to May 27, 1999, is in the Kansas Department of Revenue's Notice 99-06, "Sales Tax Exemption for Class II and Class III Railroads." This notice is available from any of our offices or from the department's Policy Information Library on the Internet at: www.ink.org/public/kdor.