**Private Letter Ruling**

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| **Ruling Number:** | **P-2001-083** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Purchases of consumables used in a linen and apparel business.** |
| **Keywords:** |  |
| **Approval Date:** | **08/08/2001** |

**Body:**

Office of Policy & Research

August 8, 2001

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RE: Your letter of July 11, 2001

Dear XXXX:

Thank you for your recent letter. You ask if you may claim exemption on purchases of consumables used in a linen and apparel business. Your business rents linen and apparel to consumers, including businesses and individuals. The consumables are used to clean and launder the linens and apparel. In Kansas, the rental of linens and apparel is a taxable service. Since your business is collecting sales tax on its rental charges, it may claim exemption on the consumables used to launder and clean the items being rented.

In Kansas, dry cleaning, pressing, dyeing, and laundry services are subject to sales tax.*K.S.A. 79-3603(i).* The service of renting property is also taxable. *K.S.A. 79-3603(h).*However, coin-operated laundry devices are exempt, whether automatic or manually operated.*K.S.A. 79-3603(i).* The fact that the receipts from coin-operated laundry machines are exempt and other laundry services are taxable sets up two schemes in Kansas for how items consumed in laundries and laundromats are taxed. One is for coin-operated laundromats. The other is for laundries and linen services that charge sales tax to their customers.

**Consumables used in the operation of coin-operated machines.** When coin operated laundry machines are used to provide laundry services, the receipts from the machine are not taxed. Since consumables are only exempt when a retail service is taxed, consumables used in coin-operated machines are taxable. Taxable consumables used in coin-operated machines include: electricity used to operate washing and drying machines; natural gas consumed in water heaters and dryers; water; salt used in water softeners; soap or cleaning solvents if provided as part of the charge; and so forth

**Consumables used in taxable laundry and linen services.** Laundry and dry cleaning service charges are subject to Kansas sales tax. Sales tax also applies to the rental of uniforms and linens. Since these services are both taxable, property consumed in providing the services is exempt. This includes: electricity used to operate washing and drying machines; electricity used to operate equipment used in cleaning, ironing, or pressing the garments, including presses, ironing machines, and mangles; water; natural gas consumed in water heaters; salt used in water softeners; soap or cleaning solvents; dry cleaning chemicals; electricity to operate dry cleaning machines; and so forth.

Sales of equipment to laundries and coin-operated laundromats are taxable. Both types of business are primarily retail businesses and, therefore, may not claim exemption on any of their purchases. Taxable equipment purchases includes purchases of washers, dryers, extractors, presses, ironing machines, mangles, office equipment, communication equipment, delivery equipment, and all other equipment used in the business. Similarly, consumables used in in-house laundry services, such as at hotels to clean the hotels linens and bedding, are taxable.

I hope that my letter answers all of your questions. If you need to discuss this matter further, please call me at (785) 296-3081.

Sincerely,

Thomas E. Hatten
Attorney/Policy & Research

**Date Composed: 08/09/2001 Date Modified: 10/11/2001**