**Private Letter Ruling**

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| **Ruling Number:** | **P-2003-050** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Nonprofit educational institution.** |
| **Keywords:** |  |
| **Approval Date:** | **10/27/2003** |

**Body:**

Office of Policy & Research  
  
  
October 27, 2003

XXXX  
XXXX  
XXXX

RE: Your letter dated September 11, 2003

Dear XXX:  
  
You represent the Apprenticeship Fund #1. Recently, the Apprenticeship Fund #2 ceased operations and transferred all of its assets to the Apprenticeship Fund #1. The department of revenue, by a letter ruling dated March 28, 1978, had exempted the Apprenticeship Fund #2 from sales tax as an nonprofit educational institution. You request a ruling that the Apprenticeship Fund #1 is similarly exempt. Please be advised that the Apprenticeship Fund #1 is not exempt. The Apprenticeship Fund #2 also was not exempt after 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 2003 HB 2004 Sec.5 (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 the 1978 exemption letter for the Apprenticeship Fund #2. There is nothing in the new definition that exempts the Apprenticeship Fund #1. Accordingly, all of its purchases 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,  
  
  
  
Thomas E. Hatten  
Attorney/Policy & Research

**Date Composed: 10/28/2003 Date Modified: 10/28/2003**