**Private Letter Ruling**

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| **Ruling Number:** | **P-1998-110** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Exemptions for non-profit organizations.** |
| **Keywords:** |  |
| **Approval Date:** | **08/31/1998** |

**Body:**

Office of Policy & Research  
  
August 31, 1998

XXXX  
XXXX  
XXXX

RE: Your letter of August 19, 1998

Dear XXXX:  
  
I have been asked to respond to your letter of August 19, 1998. In it, you ask for a private letter ruling that recognizes the XXXX (“the Center”) is exempt from payment of Kansas sales tax. You provided a mission statement for the Center and correspondence from the IRS with your letter. The IRS letter recognizes that the Center is exempt for income tax purposes under IRS Sec. 501(c)(3).  
  
Unlike many states, Kansas does not extend a general sales tax exemption to not-for-profit organizations. Accordingly, to be exempt, the Center must fall within one of the conceptual exemptions in K.S.A. 79-3606 or be one of the organizations listed therein as exempt.  
  
I have reviewed K.S.A. 79-3606 and can find nothing that exempts the Center. I have enclosed a copy of K.S.A. 79-3606 for you to review. Please let me know if there is an exemption provision that you feel applies to the Center.  
  
In addition to these exemptions, the Kansas legislature recently defined the term “educational institution” for purposes of K.S.A. 79-3606(b) and K.S.A. 79-3606(c). This definition provides:

(s) “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) non-profit 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.

This definition shows that the term “educational institutions” includes accredited colleges and universities, certain other schools above the twelfth grade, and certain corporations and foundations that serve as adjuncts to colleges and universities. The Center does not fit into any of these categories. Accordingly, I am denying your ruling request. The Center must pay Kansas sales tax on all of its purchases in Kansas.  
  
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. Please call me if you have any additional questions.

Sincerely,  
  
  
  
Thomas E. Hatten  
Attorney/Policy & Research

Enclosure  
  
  
**Date Composed: 09/02/1998 Date Modified: 10/10/2001**