**Private Letter Ruling**

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| **Ruling Number:** | **P-2002-024** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Adult day care for young adults with severe/multiple physical and mental disabilities.** |
| **Keywords:** |  |
| **Approval Date:** | **03/13/2002** |

**Body:**

Office of Policy & Research

March 13, 2002

XXXXXXXXXXX
XXXXXXXXXXXXX
XXXXXXXXXXXXXXX

Dear XXXXXXXXXXX:

I have been asked to respond to your letter dated February 15, 2002.

In your letter you stated:

XXXXXXXX has been recognized by the Internal Revenue Service as c 50IC3 organization (FEIN XXXXXXXX). Our mission is "creating opportunities f or young adults with developmental disabilities and significant physical challenges." Essentially, we provide an adult day care program for young adults with severe/multiple physical and mental disabilities. In the conduct of our business, we have a need to purchase supplies, equipment, and materials, pay for rent and utilities, etc.

I have reviewed Publication K5-1520 (9/01), Kansas Exemption Certificates and cannot determine our eligibility for exempt status, thus, I am requesting a ruling or opinion from the Department of Revenue. In reviewing KS-1520, it appears that other organizations serving people with disabilities are eligible for exempt status; e.g., intermediate care facilities for the mentally retarded, nursing homes, food for homebound elderly and the disabled, etc, XXXXXXX. was designed and is in business to assist families in keeping their disabled adult child out of an XXXXXX or nursing home, All of our clients are Medicaid eligible and in fact, receive Home and Community Based Waiver (HCBS) monies for their day program in order to remain in their homes and their communities.

As stated above, we are requesting a ruling regarding our eligibility for tax exempt status in the State of Kansas, XXXXXXXXXXXXXXXXXXXXXXXXX

Tax exemptions are narrowly construed. This means that a group that claims exemption must clearly qualify for exemption within the plain language of the statute. The Kansas sales tax act lists various groups that are exempt from tax. Some statutes identify the exempt entity by name. These include the statute that exempts the American Heart Association, Kansas Affiliate, Inc. and the American Lung Association of Kansas, Inc., among others. Other statutes extend exemption by describing the entity in general terms, such as the exemptions extended to non-profit hospitals, political subdivisions of the state, and nonprofit zoos. Some exemptions are limited to certain purchases while other exemptions extend to all purchases.

K.S.A. 79-3606 contains more than 60 additional exemptions. I have reviewed these exemptions and cannot find any that encompass your organization. Accordingly, your organization must register, collect and remit sales or compensating tax on all sales occurring in the State of Kansas.

This private letter ruling is based solely on the facts provided in your request. If it is determined that undisclosed facts were material or necessary to make an accurate determination by the department, this ruling is null and void. This private letter ruling will be revoked in the future by operation of law without further department action if there is a change in the statutes, administrative regulations, or case law, or a published revenue ruling, that materially affects this private letter ruling.

Sincerely,

Mark D. Ciardullo
Tax Specialist

MDC

**Date Composed: 03/18/2002 Date Modified: 03/18/2002**