**Private Letter Ruling**

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| **Ruling Number:** | **P-2005-026** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Trash disposal and recycling services.** |
| **Keywords:** |  |
| **Approval Date:** | **10/18/2005** |

**Body:**

Office of Policy & Research  
  
  
October 18, 2005

XXXX  
XXXX  
XXXX

RE: Your letter dated September 13, 2005

Dear XXXX:  
  
Thank you for your recent letter. You work for trash disposal service. Your web site indicates that you business provides both trash disposal and recycling services. You ask if any of the equipment that you purchase for the recycling operation is exempt from Kansas sales and use tax. You state that the State of Missouri has ruled that your business qualifies as a Recovery Facility, as discussed in Missouri Form 149. This determination results in a Missouri sales tax exemption for your purchases of equipment used in your Missouri recycling operations.  
  
Although they may be exempt in Missouri, these purchases are taxable in Kansas K.S.A. 2005 Supp. 79-3606(kk) extends exemption to machinery and equipment that is used in an integrated production operation. An integrated production operation means an "integrated series of operations engaged in at a manufacturing or processing plant or facility to process, transform or convert tangible personal property by physical, chemical or other means into a different form, composition or character from that in which it originally existed." *K.S.A. 2005 Supp. 79-3606(2)(A).*A "manufacturing or processing business" means a business that utilizes and integrated production operation to manufacture, process, fabricate, finish, or assemble items for wholesale and retail distribution as part of what is commonly regarded by the general public as an industrial manufacturing or processing operations. . . . *K.S.A. 2003 Supp. 79-3606(2)(C).* Machinery and equipment is deemed to be used as an integral or essential part of an integrated production operation when it is used to treat, transport or store waste or other byproducts of production operation *"at the plant or facility*.*"* *K.S.A. 2003 Supp. 79-3606(3)(L).*  
  
Your company is a waste disposal service, which also recycles some of the waste that it picks up. This means that your recycling equipment is not being purchased to treat waste or by-products from production operations at a plant or facility. Rather, the recycling service is an adjunct to waste disposable services. The equipment used in your recycling operations is not being purchased for use as an integral or essential part of an integrated production operation. Therefore, your purchases of forklifts, stackers, containers, bailers, grabbers, and other equipment are taxable retail purchases in Kansas.  
  
Your web site provides the following description of your recycling services:

WE DO NOT ACCEPT GLASS ,TIN, METAL, OR STEEL CANS FOR RECYCLING  
PICK-UP DAYS ARE 1ST & 3RD THURSDAYS OF THE MONTH.  
Please have your recycling out by the curb (The same place as your trash) by 6:30 AM  
PLEASE ONLY PUT OUT ITEMS ON THE following list:

**#1 & #2 PLASTIC - (If you look on the bottom of the container that you would like to recycle you will find a number inside a triangle)**  
**PLASTIC BOTTLES SCREW TOP TYPE OF CONTAINERS - (NO LID TYPE OF CONTAINERS - LIKE COTTAGE CHEESE CONTAINERS, ICE CREAM OR OLEO CONTAINERS EVEN THOUGH THEY DO HAVE A NUMBER 2 ON THEM.)**  
**NEWS PAPER - (PLEASE LEAVE SLICKS INSERTS WITH PAPERS AND STACK IN BROWN PAPER SACKS.)**

**MAGAZINES & CATALOGS & TV GUIDES - (STACK IN BROWN PAPER SACKS.) (NO PHONE BOOKS)**

**CARDBOARD - (FLATTEN & TIE IN BUNDLES) (CORRUGATED CARDBOARD ONLY NO CEREAL BOX TYPE OF CARDBOARD).**

**ALUMINUM**- **(BEVERAGE CANS CLEAN ONLY, - FLATTEN AND PLACE IN RED BIN.)**  
  
Kansans understand these operations are essentially trash pick-up services and are not commonly regarded as industrial manufacturing or processing operations. The equipment in question is subject to Kansas sales and use tax..  
  
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. Please let me know if you have additional questions.

Sincerely,  
  
  
  
Thomas E. Hatten  
Attorney/Policy & Research

**Date Composed: 10/19/2005 Date Modified: 04/07/2006**