**Private Letter Ruling**

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| **Ruling Number:** | **P-1998-220** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Direct purchases by the state.** |
| **Keywords:** |  |
| **Approval Date:** | **12/18/1998** |

**Body:**

Office of Policy & Research

December 18, 1998  
  
  
XXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXX  
  
  
Dear XXXXXXXXXXXXX:  
  
The purpose of this letter is to respond to your letter dated December 3, 1998.  
  
It is the opinion of the Kansas Department of Revenue that the following funds would be funds of the State of Kansas: Patient’s Benefit Fund, Work Therapy Fund, and Canteen Fund established pursuant to K.S.A. 75-3728e. Therefore, all direct purchase by these Funds would be considered as direct purchases by the state. Direct purchases by the state are exempt from Kansas retailers’ sales tax. A direct purchase is described as a sale of property or services that are billed directly to the exempt buyer and paid for by a check or voucher from the exempt buyer.  
  
Purchases made by agents or employees of an exempt buyer with their personal funds are taxable. K.S.A. 75-3080 provides: “Any state agency may apply to the director of accounts and reports for the establishment of an employee use fund, which shall not be a part of the state treasury.” [emphasis added] It is the opinion of the Department that purchases utilizing funds of the Employee use funds would not qualify for exemption from Kansas retailers’ sales tax.  
  
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: 12/23/1998 Date Modified: 10/10/2001**