**Private Letter Ruling**

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| **Ruling Number:** | **P-1999-119** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Purchases by a non-profit 501(c)(3) exempt corporation funded by grants from the State of Kansas and the U.S. government.** |
| **Keywords:** |  |
| **Approval Date:** | **05/21/1999** |

**Body:**

Office of Policy and Research  
  
May 21, 1999

XXXXXXXXXXXX  
XXXXXXXXXXXX  
XXXXXXXXXXX  
  
Dear Sirs:  
  
I have been asked to respond to your letter dated May 5, 1999. In it, you ask for guidance in the application sales tax.  
  
In your letter you stated:

XXXXXXXXXXXXX is a non-profit 501(c)(3) exempt corporation which is primarily (90%) funded by grants from the State of Kansas and the U.S. Government. We also receive private donations and funds from the City of Manhattan and United Way of Riley County and United Way of Junction City/Geary County. All services of XXXXXXXXX are provided to clients free. All of the purchases we make are used either directly by clients or indirectly for clients. Are these purchases subject to sales tax? Or should we be tax-exempt from payment of sales tax? Would we be considered a “political subdivision” of the state of Kansas due to grant being the main source of our income?

Kansas law exempts from sales and compensating tax all direct purchases by political subdivisions of the state of Kansas. K.S.A. 79-3606(b). The term “political subdivision” is defined as “any municipality, agency or subdivision of the state which is, or shall hereafter be, authorized to levy taxes upon tangible property within the state or which certifies a levy to a municipality, agency or subdivision of the state which is, or shall hereafter be, authorized to levy taxes upon tangible property within the state.” K.S.A. 79-3602(n).  
  
It is the opinion of the Kansas Department of Revenue that your organization does not meet requirements of the law to be regarded as a “political subdivision” of the state of Kansas. Based on the information as contained in your letter I am unaware of any other statutory exemption for your organization. Your organization is required to pay sales or compensating tax on purchases or tangible personal property or taxable services.  
  
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 affects this private letter ruling.  
  
Sincerely,  
  
  
Mark D. Ciardullo  
Tax Specialist  
  
  
MDC  
  
  
**Date Composed: 05/27/1999 Date Modified: 10/11/2001**