

KANSAS DEPARTMENT OF REVENUE

RAILROAD EXEMPTION CERTIFICATE

The undersigned railroad certifies that the tangible personal property or service purchased from:

Seller: \_\_\_\_\_ Business Name

Address: \_\_\_\_\_ Street, RR, or P. O. Box City State Zip + 4

is exempt from Kansas sales and compensating use tax for the following reason:

K.S.A. 79-3606(f) exempts all sales of tangible personal property purchased by a railroad for consumption or movement directly and immediately in interstate commerce, and K.S.A. 79-3606(y) exempts all sales of materials and services used to repair, service, alter, maintain, manufacture, remanufacture, or modify railroad rolling stock for use in interstate or foreign commerce under authority of the laws of the United States.

Description of tangible personal property or services purchased:

\_\_\_\_\_

The undersigned understands and agrees that if the tangible personal property or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax.

Purchaser: \_\_\_\_\_ Name of Railroad

Address: \_\_\_\_\_ Street, RR or P. O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.

WHO MAY USE THIS EXEMPTION?

Only railroads licensed under United States law for interstate or foreign commerce are eligible to use this certificate.

WHAT PURCHASES ARE EXEMPT?

To be exempt, the tangible personal property must be for consumption or movement directly and immediately in interstate commerce. The exemption applies whether the qualified property is purchased, leased or rented. Also exempt are repair parts, materials, and labor services for the qualified property. All other items are TAXABLE and cannot be purchased by a railroad with this certificate. Below are representative (but not necessarily all-inclusive) examples of exempt and taxable purchases by a railroad.

EXEMPT

- Locomotives (all types) Semitrailers
Rail cars (all types)
Diesel fuel and oil for any of the above
Parts and labor for any of the above
Utilities used by any of the above

TAXABLE

- Computers Signaling equipment
Office equipment Switching equipment
Office supplies Vehicles
Rails and railroad ties Vehicle fuels and oils
Parts and labor services for any of the above
Roadway maintenance and repair equipment
Utilities used for any of the above

CONSTRUCTION OR REMODELING PROJECTS

A railroad is NOT exempt from sales tax on the purchase of materials or labor services for a construction project unless the project itself qualifies for a project exemption as an economic development project. When laying new track, the materials (track, ties, etc.) and labor are subject to state and local sales tax. When a railroad contracts with a contractor to build a new building or facility, all materials for the project (whether purchased by the general contractor, subcontractor, or the railroad) are taxable. Labor services on original construction of a building or facility are exempt by law. When a railroad contracts to have a building or facility remodeled, the labor services, as well as the materials, are taxable. This exemption certificate cannot be used by a railroad to purchase materials or labor services for any type of construction project.