

KANSAS DEPARTMENT OF REVENUE

STATE OF KANSAS OR POLITICAL SUBDIVISION EXEMPTION CERTIFICATE

The undersigned purchaser 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(b) exempts all sales of tangible personal property and services, including the renting or leasing of tangible personal property, purchased **directly** by the State of Kansas or a political subdivision thereof, and used **exclusively** for state or political subdivision purposes. **EXCEPTION:** When the state or a political subdivision is engaged or proposes to engage in the business of furnishing gas, water, electricity or heat to others, or any other business specifically taxable, the sale of tangible personal property or services used or proposed to be used in such business are taxable.

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 State of Kansas Agency or Political Subdivision

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 the state of Kansas, a state agency (such as the Kansas Department of Revenue, Kansas Department of Transportation, Social and Rehabilitation Services, etc.), or a Kansas political subdivision may use this certificate. Political subdivisions in Kansas include: airport authorities, cities, counties, county hospital districts, drainage districts, housing authorities, metropolitan transit authorities, port authorities, public building commissions, school districts, townships and water management districts. For additional information on how sales tax applies to political subdivisions, obtain our Publication KS-1527, "Sales and Use Tax for Kansas Political Subdivisions."

WHAT PURCHASES ARE EXEMPT?

EXEMPT: **Direct** purchases of tangible personal property or services by any of the above. To be a direct purchase, the invoice or bill must be made out to the exempt entity, and payment must be made by a check, warrant, or voucher from the exempt entity. The property or service must also be for the **exclusive use** of the exempt entity. TAXABLE: Purchases made by employees or agents with their **personal** funds and purchases for a taxable business.

CONSTRUCTION, REMODEL OR REPAIR PROJECTS

When the state or a political subdivision contracts with a contractor, subcontractor, or repairman (such as a carpenter, electrician, or plumber) to build, repair, or maintain its property, the contractor must pay sales tax on all the materials used and will pass this cost on to the state or political subdivision. Materials purchased through a contractor are NOT considered to be direct purchase; only a contractor's labor services may be purchased exempt with this certificate.

A political subdivision should complete a Request for Project Exemption Certificate, Form PR-76, to obtain a Project Exemption Certificate so all contractors and subcontractors may purchase project materials without tax. Political subdivisions that have been granted agent status by the department should issue a project exemption for each construction project. The state of Kansas CANNOT obtain a Project Exemption Certificate; materials purchased by a contractor for state projects are always taxable.

EXCEPTION FOR TAXABLE BUSINESS: When the state or a political subdivision is engaged in a taxable business, items purchased for that activity are TAXABLE to the state or political subdivision. Taxable businesses include furnishing utilities (electricity, gas, water, or heat), operating a public cafeteria, or the retail sale of merchandise. NOTE: Effective January 1, 2002, those water retailers who pay the Clean Drinking Water Fee should use their specialized exemption letter to purchase goods or services used by the water utility without tax.