**Private Letter Ruling**

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| **Ruling Number:** | **P-2001-071** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Community-based mental retardation center related endowment.** |
| **Keywords:** |  |
| **Approval Date:** | **07/11/2001** |

**Body:**

Office of Policy & Research  
  
  
July 11, 2001

XXXXXXXXXX  
XXXXXXXXXX  
XXXXXXXXXX  
XXXXXXXXXX  
XXXXXXXXXX  
  
Re: Kansas Sales Tax  
  
Dear XXXXX:  
  
Your correspondence of April 11, 2001 has been referred to me for response. Thank you for your inquiry.  
  
In your letter you provide the following information:

XXXXXX XXXX, Inc. (Corporation “A”) is exempt from sales tax under [K.S.A.] 79-3606(jj) as a community-based mental retardation Center organized pursuant to K.S.A. 19-4001 et. seq., and licensed in accordance with the provisions of K.S.A. 75-3307b and amendments thereto. The XXXXXX XXXX XXXXXX Corporation (Corporation “B”) was formed as an endowment with the sole purpose of supporting (“A”). A majority of the board members of “B” are from “A”. For accounting purposes, our Certified Public Accounting firm has determined the two corporations to be affiliated due to the fact that “A” controls “B” through the board of directors and therefore requires that the annual audit consolidate the financial records of the two corporations.  
  
The statute 79-3606(jj) reads as follows: “All sales of tangible personal property or services, including the renting and leasing of tangible personal property, purchased directly on behalf of a community-based mental retardation facility . . .” This is the sole purpose of Corporation “B”.  
  
In summary, “A” is exempt from sales tax; the sole purpose of “B” is to support “A”; and “A” has controlling interest in “B” through the board of directors; financial information must be consolidated’ purchases are made on behalf of a community-based mental retardation facility.

By your letter you ask whether the XXXXXX XXXX XXXXXX Corporation (Corporation “B”) is exempt from sales tax. Based on the fact you present, we believe the answer is yes. The XXXXXX XXXX XXXXXX Corporation (Corporation “B”) will enjoy the same exemption for which XXXXXX XXXX, Inc. (Corporation “A”) qualifies.  
  
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.  
  
I trust this information is of assistance. If I can be of further service, please feel free to contact me.  
  
Sincerely,  
  
  
  
Jim Weisgerber  
Attorney  
Tax Specialist  
  
JW:jw  
  
  
**Date Composed: 07/12/2001 Date Modified: 10/11/2001**