**Opinion Letter**

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| **Letter Number:** | **O-2000-023** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Admission charges to a music concert sponsored by a hospital; hospital to benefit from the profits of the concert.** |
| **Keywords:** |  |
| **Approval Date:** | **10/05/2000** |

**Body:**

Office of Policy & Research

October 5, 2000

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RE: Your letter of September 27,2000

Dear XXXX:

I have been asked to answer your letter that we received late last month. In it, you ask if a non-profit hospital is required to collect sales tax on admission charges to a music concert that the hospital is sponsoring. The profits from the concert will be used to benefit the hospital. The answer to your question is that the hospital should collect sales tax on the admission charges if it is or should be registered to collect retailers’ sales tax on other activities.

Admission charges to places of entertainment are taxable in Kansas. K.S.A. 79-3603(e). This means that admission charges to the hospital-sponsored concert are taxable unless there is a specific exemption that applies.

In Kansas, churches, hospitals, schools, universities, and a handful of other organizations are exempt on their *purchases*. There are no general exemptions for *sales* by churches, hospitals, schools, universities, or nearly all other organizations that are exempt on their purchases. This includes sales at fundraising events where the proceeds are used exclusively for the benefit of the organization. This suggests that Kansas legislature wants non-profit and for-profit organization on the same competitive footing when they sell to final consumers.

Most Kansas hospitals and schools are registered retailers. When a hospital operates a gift shop, a cafeteria that is open to the public, or sells books, vitamins, non-prescription drugs, or equipment to its employees, the hospital is required to be registered for sales tax purposes and to collect sales tax on these taxable sales. This suggests that in your situation, the hospital that is sponsoring the concert is already a registered retailer (or should be registered). If this is the case, the hospital is required to collect sales tax on the admission charges to the fundraising event. The admission charges and taxes would be reported on the hospital’s normal sales tax return.

The hospital may not be registered for sales tax purposes. This would be appropriate if, for example, the hospital contracts with third parties to operate its gift shop and cafeteria, and make no sales to employees. In this case, the hospital would be required to register and report the tax on admission to the concert only if it plans to sponsor the event on an annual basis or if it plans to sponsor other similar events this year. Kansas, like most other states, exempts isolated and occasional sales. Kansas considers an isolated or occasional sale as one that occurs once per year or less often and is not a planned annual event.

I hope that this adequately answers your questions. If you have any addition questions, please call me.

Sincerely,

Thomas E. Hatten
Attorney/Policy & Research

**Date Composed: 10/09/2000 Date Modified: 10/10/2001**