**Opinion Letter**

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| **Letter Number:** | **O-2000-034** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Coin-operated air compressors at convenience stores.** |
| **Keywords:** |  |
| **Approval Date:** | **11/07/2000** |

**Body:**

Office of Policy & Research

November 7, 2000

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XXXX

RE: Your letter of October 18, 2000

Dear XXXX:

This is a follow up letter to the one that I sent to you late last month. You have a client who is contemplating installing coin-operated air compressors at convenience stores in Kansas. You ask if the money collected in these machines is subject to Kansas sales tax. The answer is yes. The receipts are taxable. The imposition is found at K.S.A. 79-3603(f). It taxes:

the gross receipts from the operation of any coin-operated device dispensing or providing tangible personal property, amusement or other services except laundry services, whether automatic or manually operated;

The device in question dispenses compressed air. This may be viewed as the sale of tangible personal property or the sale of a taxable service. The service that a customer buys is normally one to maintain and service the tires on their vehicle. Accordingly, the receipts from the machine are subject to both state and local sales tax under K.S.A. 79-3603(f), K.S.A. 79-3603(q), and K.S.A. 79-3602(e). The Kansas state rate is 4.9%. Local sales tax is imposed based on the location of the machine. The Kansas imposition applies because a service is being performed or tangible personal property is being provided. Kansas law differs from Missouri law where you indicate the courts held that fees from compressed air machines were not payments for the sale of tangible personal property.

To determine the tax to report to the State of Kansas, you must factor the tax from the tax included receipts that are in the machine. This is done by dividing the receipts in the machine by one plus the state and local tax rate stated as a decimal. The result is the amount to report to Kansas as gross receipt (the tax base). The tax due is figured by subtracting this amount from the receipts in the machine or by multiplying this amount by the tax rate in effect.

I hope that this adequately answers your questions. If not, please call me at (785) 296-3081.

Sincerely,

Thomas E. Hatten
Attorney/Policy & Research

**Date Composed: 11/13/2000 Date Modified: 10/10/2001**