**Opinion Letter**

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| **Letter Number:** | **O-2001-015** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Repair parts and services for manufacturing machinery and equipment.** |
| **Keywords:** |  |
| **Approval Date:** | **04/23/2001** |

**Body:**

Office of Policy & Research  
  
  
April 23, 2001

XXXX  
XXXX  
XXXX

RE: Your recent e-mail

Dear XXXX:  
  
Thank you for your recent e-mail. You state that your company manufactures animal feed in Kansas. You believe that its purchases of manufacturing machinery and equipment for operations here are exempt, but that its purchases of repair services, maintenance services, and repair and replacement parts are taxable.  
  
Kansas has broadened its sales tax exemptions for repair parts and services for manufacturing machinery and equipment during the last few legislative sessions. For periods before July 1, 1998, only major components of exempt machinery and equipment qualified for exemption. A part was considered to be a major component if it was capitalized. From July 1, 1998, to July 1, 2000, all sales of repair and replacement parts and accessories for exempt machinery and equipment were exempt. *1998 Kans. Sess. Laws Ch. 188.*Since July 1, 2000, repair parts and repair services for exempt machinery and equipment in Kansas have been exempt from sales tax. I have enclosed a copy of Notice 00-08, which explains the exemption in depth. It is available on our website at www.ink.org/public/kdor/ . The exemption certificates referenced at the end of Notice 00-08 are linked electronically to the Notice on our web site.  
  
Please note that to be able to claim this exemption, your company must operate a plant or facility that fits the definition of “manufacturing or processing plant or facility,” as that term is used in the statute. This means your company must utilize an integrated production operation “as part of what is commonly regarded by the general public as an industrial manufacturing or processing operation.” K.S.A. 79-3606(kk)(1)(D). This bars retailers that perform similar processing operations as part of their retail business from claiming the manufacturing exemption. I hope that this letter and the enclosed Notice provide comprehensive answers to all of your questions. If you need to discuss this matter further or anything else, please call me at (785) 296-3081.

Sincerely,  
  
  
  
Thomas E. Hatten  
Attorney/Policy & Research

Enclosure  
  
  
**Date Composed: 05/02/2001 Date Modified: 10/10/2001**