**Private Letter Ruling**

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| **Ruling Number:** | **P-1998-182** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Installation of residential piping, water meters and electrical meters.** |
| **Keywords:** |  |
| **Approval Date:** | **11/05/1998** |

**Body:**

Office of Policy & Research

November 5, 1998  
  
  
XXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXX  
  
  
Dear XXXXXXXXXXXXX:  
  
The purpose of this letter is to respond to your letter dated November 2, 1998. You seek a private letter ruling based on the following facts:  
  
The city installs a water line and meter at a new residential property. The city owns all piping and water meter. The city charges the property owner for this installation. The city pays sales tax on all materials at the time of purchase.  
  
The city installs electrical service at a new residential property. The city owns the electrical meter. The city charges the property owner for this installation. The city pays sales tax on all materials at the time of purchase.  
  
Kansas law exempts from retailers’ sales tax certain construction services. Services performed to install or apply tangible personal property are exempt from sales tax when the services involve the original construction of a building or facility or, the reconstruction, restoration, remodeling, renovation, repair or replacement of a residence. K.S.A. 79-3603(p). The first or initial construction of a residence is within the meaning of “original construction of a building.” The “original construction of a building” also includes the improvements immediately surrounding the building. The connection of utilities is considered to be an improvement immediately surrounding the building.  
  
It is the opinion of the Kansas Department of Revenue that the service performed in both situations are not subject to Kansas retailers’ sales tax. Sales tax was properly paid on the materials by the city.  
  
This is a private letter ruling pursuant to Kansas Administrative Regulation 92-19-59. It is based solely on the facts provided in your request. If it is determined that undisclosed facts were material or necessary to 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 ruling.  
  
Sincerely,  
  
  
Mark D. Ciardullo  
Tax Specialist  
  
MDC  
  
  
**Date Composed: 11/06/1998 Date Modified: 10/10/2001**