KANSAS DEPARTMENT OF REVENUE

RAILROAD EXEMPTION CERTIFICATE

The undersigned **railroad** certifies that the tangible personal property or service purchased from:

Seller: _____
Business Name

Address: _____
Street, RR, or P. O. Box | City | State | Zip + 4

is exempt from Kansas sales and compensating use tax for the following reason:

K.S.A. 79-3606(f) exempts all sales of tangible personal property purchased by a railroad for consumption or movement directly and immediately in interstate commerce, and K.S.A. 79-3606(y) exempts all sales of materials and services used to repair, service, alter, maintain, manufacture, remanufacture, or modify railroad rolling stock for use in interstate or foreign commerce under authority of the laws of the United States.

Description of tangible personal property or services purchased: _____

_____

The undersigned understands and agrees that if the tangible personal property or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax.

Purchaser: _____
Name of Railroad

Address: _____
Street, RR, or P. O. Box | City | State | Zip + 4

Authorized Signature: _____ Date: _____

THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.

WHO MAY USE THIS EXEMPTION?

Only railroads licensed under United States law for interstate or foreign commerce are eligible to use this certificate.

WHAT PURCHASES ARE EXEMPT?

To be exempt, the tangible personal property must be for consumption or movement directly and immediately in interstate commerce. The exemption applies whether the qualified property is purchased, leased or rented. Also exempt are repair parts, materials, and labor services for the qualified property. All other items are TAXABLE and cannot be purchased by a railroad with this certificate. Below are representative (but not necessarily all-inclusive) examples of exempt and taxable purchases by a railroad.

EXEMPT

- Locomotives (all types)
- Semitrailers
- Rail cars (all types)
- Diesel fuel and oil for any of the above
- Parts and labor for any of the above
- Utilities used by any of the above

TAXABLE

- Computers
- Signaling equipment
- Office equipment
- Switching equipment
- Office supplies
- Vehicles
- Rails and railroad ties
- Vehicle fuels and oils
- Parts and labor services for any of the above
- Roadway maintenance and repair equipment
- Utilities used for any of the above

CONSTRUCTION OR REMODELING PROJECTS. A railroad is NOT exempt from sales tax on the purchase of materials or labor services for a construction project unless the project itself qualifies for a project exemption as an economic development project. When laying new track, the materials (track, ties, etc.) and labor are subject to state and local sales tax. When a railroad contracts with a contractor to build a new building or facility, all materials for the project (whether purchased by the general contractor, subcontractor, or the railroad) are taxable. Labor services on original construction of a building or facility are exempt by law. When a railroad contracts to have a building or facility remodeled, the labor services, as well as the materials, are taxable. *This exemption certificate cannot be used by a railroad to purchase materials or labor services for any type of construction project.*

RETAINING THIS CERTIFICATE. Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.