

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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April 6, 2005

Re: Our File Number LR-05-017; Tax status of Recreation Programs

Dear :

This is in response to your request for a ruling regarding the taxability of various classes and programs at (MAC). I have scanned your fact scenario into this document followed by our response.

"The recent opening of the City's new Multipurpose Activity Center has brought forth a slate of new classes and programs for the citizens of to experience and enjoy. Dancing lessons, fishing and fitness lessons, healthy eating cooking classes, jump rope clinics, kite workshops, and pottery classes are just a few of the programs outlined in the Parks and Recreation Department's "2005 Parks and Recreation Community Fun Guide" that accompany this letter.

The sales taxability of these programs and classes is not clear in some cases. Classes that provide instruction only appear to be non-taxable transactions since the exchange of money is for services rendered. Classes that provide tangible goods such as a baton for baton twirling classes or pottery sculpture building classes that include supplies in their registration fees are questioned. Are the goods provided incidental to the cost of the instructional classes and therefore non-taxable? Or, are they taxable because they include tangible goods in their fee? What about etiquette classes that include handouts, finger sandwiches and a dessert? The City also offers jump rope classes provided through the that includes membership, manual, lunch and T-shirt in the registration fee. In addition, some registration fees, such as the are higher if a participant wants a commemorative T-shirt of the event.

There are varying opinions here at city hall, as well as in the sales tax audit division, as to the taxability of these various classes and programs. Donna Hunter, from the audit division, contacted me today and referred me to this office. She stated the City would receive official guidance in the form of a letter ruling. I request such a ruling in fairness to the taxpayers, the City of and the Oklahoma Tax Commission.”

Please be advised that Title 68 Oklahoma Statutes Section 1356 (23), a copy is enclosed, provides an exemption for dues or fees for the use of facilities and programs at “municipally-owned recreation centers.” Also, see Commission Rule 710:65-19-77 subsection (4) which states that “recreation centers” shall not mean zoological or botanical parks or golf courses. Therefore, fees, which include supplies for classes and programs that are held at the Multipurpose Activity Center (MAC) are exempt from sales tax. However, sales of tangible personal property are taxable and also, if they are separately stated on the invoice apart from the fees for classes and programs.

This response applies only to the circumstances set out in your request of January 25, 2005. Pursuant to Commission Rule 710:1-3-73(e), this Letter Ruling may be generally relied upon **only** by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and that there has been no change in applicable law. If I can be of further assistance, please feel free to contact me.

Sincerely,



Brenda J. Sullivan
Tax Policy Analyst

cc: Donna Hunter, Audit Division
Enclosure