

# KLA is just one call away

## ONE OF THE VALUE CORNERSTONES KLA PROVIDES MEMBERS IS TROUBLESHOOTING ON LEGAL, TAX AND OTHER ISSUES

**K**LA went into action when a member reported thousands of dollars of pharmaceuticals had been stolen, immediately publicizing the \$2,500 reward available to anyone who provides information that leads to the arrest and conviction of the thief(s). Due to the reward offering, someone did come forward and the information obtained not only led to a conviction for stealing the pharmaceuticals, but for several other crimes as well.

**A**KLA member replacing tires on a feed truck was charged sales tax. The member contacted the office and learned that feed trucks qualify as farm machinery and, therefore, all replacement parts, including tires, and labor are exempt from state and local sales tax. With help from KLA, he was able to claim the exemption and save more than his annual dues.

**M**ultiple members have contacted KLA staff regarding fence law. This can be a complicated and convoluted subject. However, it is rooted in the requirement that adjoining landowners not using land in common must contribute equally to a partition fence. There are specific statutes governing how to handle controversies regarding partition fences and it is extremely important to adhere to the procedures spelled out in statute. In some cases, if a landowner fails to follow such procedures, the recovery of costs of building a fence becomes limited. KLA staff advises members how to navigate those treacherous waters.

**A**KLA member contacted the office with questions about conducting an effective employee review. Staff put together some resources and gathered additional information to help guide the member through the creation of a process that met the objectives.

**F**eedyards, dairies and swine operations can complete expansion and renovation projects exempt from sales tax by applying for a special permit. KLA has helped a number of members take advantage of this valuable exemption. Members considering a project should call the KLA office first.

**K**LA members often call regarding transportation in agriculture. KLA staff helps members navigate the farm vehicle exemption from commercial driver's licensing requirements. Advice also is available on how to obtain a U.S. Department of Transportation number for those traveling in interstate commerce.

**A**KLA member was able to take action and secure funding from the Paycheck Protection Program after reading about the new changes in the *KLA News & Market Report*.

**D**uring the COVID-19 pandemic, KLA staff assisted several members with navigating the regulations on selling local beef to consumers.

**M**any pasture leases are oral in Kansas. Multiple members have called regarding the procedure to terminate an oral pasture lease in Kansas.



KLA legal staff informed them a landlord must provide written notice terminating the lease at least 30 days prior to March 1. The same is true for members

leasing property. KLA has assisted members who are both landlords and tenants faced with lease termination.

**A**KLA member who recently joined NCBA inquired about the complimentary Eprizero and discount on western footwear and apparel all new NCBA members receive. KLA staff checked with NCBA member services and learned shipments of Eprizero were delayed due to COVID-19 and the holidays, but assured the member it would be received soon. It also was learned the website to order footwear and apparel was being updated. NCBA members should log in to the member benefits section of [ncba.org](http://ncba.org) for the latest information and links.

**A** member of the KLA Cattle Feeders Council was in the planning phases of a major expansion and renovation project that also included a new feedmill. KLA staff prepared and submitted the project exemption certificate and project description. Quick work by everyone involved, including the Kansas Department of Revenue, led to the certificate being issued within 20 minutes of the feedyard calling the KLA office.



**A** KLA member contacted the office after receiving their property tax statement on a feedyard. KLA helped review the tax statement to determine if the tax increase was the result of an increase in value or changes in the mill levy. In 1998, KLA helped the department of revenue develop a guide to uniformly value feedyards. In this case, the guide had been appropriately applied and the increase was due to local tax changes.

**K**LA staff assisted a member who was charged sales tax on salt and ear tags by an agricultural supplier. Both items are exempt due to being consumed in the production process of agricultural commodities.

**A** KLA member was en route to purchase a new bale bed that would be installed on a vehicle purchased separately. He called KLA and learned the bale bed is considered farm machinery and equipment; therefore, it is exempt from sales tax. The agricultural exemption certificate can be used for this purpose.

**A** member called the office while contemplating a new backgrounding facility. KLA staff visited with the member about the regulatory requirements, visited the site for an initial review and discussed options for moving the project forward. In this case, KLA Environmental Services was hired to build the facility turnkey. In some situations, USDA and the Environmental Quality Incentives Program, watershed specialists' services from Kansas State University or a local engineer and contractor are the right fit. KLA can serve as a good first call to help determine the best resources for the project.

**F**arm trailers are considered farm machinery and equipment. They can be purchased exempt from sales tax and, because they are farm machinery, they qualify for a property tax exemption as well. Trailers with a 6,000 or more gross vehicle weight rating are required to be registered and tagged. A KLA member called the office to confirm these details when trading trailers.

**A** KLA member was shopping for a skid steer loader and the local dealer indicated sales tax would be due upon purchase. The member talked to staff to clarify the skid steer purchase should be exempt from

**A** member called with questions about the Paycheck Protection Program (PPP). KLA staff advised the member to work with their lender to determine eligibility for additional funds under PPP first-draw provisions. Staff also outlined the qualification criteria for eligibility under the PPP second draw.



sales tax if the intended use is for agriculture. KLA provided the pertinent language from the Business Tax Guide and the exemption request form.

**S**ome of the best KLA educational opportunities are simply the chance for members to get together and share ideas with each other. Last spring, when COVID-19 restrictions and employee biosecurity were becoming key issues, KLA hosted a webinar for members of the Cattle Feeders Council and Dairy Council. The webinar provided a forum for members to share things they were learning and doing to help keep employees safe.

**A** dairy development operation was installing a new gas line to their milk room. The contractor asked about any exemptions they may qualify for because it was a taxable installation. The member recalled the project exemption certificate and was able to use it to qualify the project for a significant sales tax savings.

**A** KLA member called the office inquiring about the process of building, registering and certifying a 999-head cattle facility as not a significant pollution potential. Staff was able to advise the member on what steps needed to be taken to avoid having to obtain a permit.

**A** member who annually attends the KLA Convention, mainly to hear the CattleFax update by Randy Blach, was unable to participate in the 2020 KLA Membership/Business Meeting held via Zoom. He subsequently contacted the office to ask if Blach's presentation was recorded. It was, and KLA staff converted the recording to a file the member could view online.