

Troubleshooting is a valuable KLA service

WHETHER IT'S TAX ISSUES, LEASE AGREEMENT QUESTIONS OR REGULATORY INFORMATION REQUESTS, KLA IS HERE TO HELP

Farm machinery and equipment are exempt from sales tax in Kansas. In order to qualify for the exemption, the equipment must be ordinary and necessary for farming or ranching and used exclusively in the operation. Due to the broad and general nature of that definition, there is not a definitive list of exempt items. However, KLA has worked hard over the years to clarify items that typically are exempt. If you have questions about specific items, please call the KLA office.

A member called with a concern that the spacing of barbs on their barbed wire would disqualify them from receiving cost-share funds through the Emergency Conservation Program. KLA staff worked with state USDA staff to ensure the wire was not an issue for cost-share specifications.



A KLA member called the office to confirm that farm trailers are considered farm machinery and equipment and, therefore, are exempt from sales tax. Staff confirmed trailers qualify for the exemption and, because they are farm machinery, also are eligible for a property tax exemption. Trailers over 6,000 GVWR are required to be registered and tagged.

Feedyard and dairy construction projects, including renovations, may qualify for a special sales tax exemption. Following windstorms that caused damage across much of the state, KLA helped members apply for this valuable exemption.

A member was reviewing their electric bill and noticed sales tax had been included; however, in previous months it had not been charged. KLA confirmed utilities used to pump water and process feed are exempt from sales tax. Since the bill included a feedyard feed mill, the added tax was significant. After reviewing the bill with the utility company, it was

discovered the addition of the tax was due to a change in the computer system. The tax, therefore, was removed. A sales tax refund can be claimed going back 36 months.

A KLA member called the office while contemplating a new backgrounding facility. KLA staff discussed the regulatory requirements with the member, visited the site for an initial review and provided options for moving the project forward.

KLA staff assisted a member when an equipment company tried to charge sales tax on a tractor. Tractors are exempt from sales tax as farm machinery and equipment.

A member called asking if a landowner could end a verbal lease. KLA staff informed the member that under Kansas law, the owner must give written notice at least 30 days prior to March 1. Once properly notified, the lease is terminated as of March 1.

The availability of water rights can be a limiting factor to many livestock facility projects. Water regulations vary greatly across the state depending on the location of the facility. KLA and KLA Environmental Services staff can help research and understand these regulations as projects are being considered.



A KLA member was en route to purchase a new feedbox that would be installed on a vehicle bought separately. The feedbox is considered farm machinery and equipment; therefore, it is exempt from sales tax. The agricultural exemption certificate can be used for this purpose. ■