

A valuable service

KLA STANDS READY TO HELP MEMBERS TROUBLESHOOT ON NUMEROUS ISSUES

A KLA member called the office to inquire about the application of sales tax to repairs on a semitrailer damaged in a windstorm. Trailers used exclusively on a farming and ranching operation qualify as farm machinery and equipment, including semitrailers. Repair and replacement parts for trailers also are eligible for the sales tax exemption. So, in this case, the member's repairs could be made without sales tax. Replacement parts include the purchase of tires. Considering the current price of many replacement parts, the sales tax exemption will result in significant savings.

A member was getting conflicting information from county Farm Service Agency offices on the Livestock Forage Disaster Program (LFP). They needed to make marketing decisions, but didn't want to jeopardize LFP payments. KLA staff was able to clarify the requirements, thereby allowing the member to move forward with marketing plans.

Members of the KLA Dairy Council receive an electronic newsletter, the *KLA Dairy News*, specific to the Kansas dairy industry. While reading a recent edition, a member learned about the sales tax exemption on utilities purchased and "consumed" in the production of a product that is sold at retail (e.g., milk, cheese, etc.). The member contacted KLA and is working with the staff to obtain a refund on sales tax mistakenly paid during the last three years. The initial estimate of the refund is more than \$50,000.

A KLA member called the office after an employee received a ticket for driving a farm semi without a commercial driver's license (CDL). Licensing and registration requirements for farm trucks are confusing, at best. In this case, the driver qualified for the agricultural exemption from CDL requirements. To qualify, the driver must be driving a farm-tagged vehicle within 150 miles of the farm, hauling ag products or equipment to or from the farm and operating not for hire. Due to the vehicle weight, a regular class A would be required in this situation.

Feedyard and dairy construction projects can qualify for a complete sales tax exemption if it is more than \$50,000 in total cost. KLA is responsible for the creation of this valuable sales tax exemption and helps members claim it. If members have a construction project that may qualify, contact the KLA office for details.

KLA strives to build relationships with the many state and federal agencies that impact members' businesses. KLA staff participate in meetings of those groups to advocate on behalf of the livestock industry. Often, these relationships impact the outcome of agency action for the better. At the least, they provide points of contact when a member has a problem. KLA staff attend countless meetings and conferences each year, so members do not have to.

When a member called to ask if repairs of a feed truck are sales tax-exempt, KLA staff was able to provide information showing they are exempt as farm machinery and equipment used for agricultural purposes. KLA staff then provided the member with the appropriate agriculture exemption certificate to give the individual who had done the repairs.

A KLA Dairy Council member was about to launch a \$2.5 million expansion of their family dairy when they read about the Project Exemption Certificate (PEC) in the *KLA Dairy News*. The PEC program is available to dairies that expand, remodel or refurbish their operations. With an approved PEC, nearly everything a dairy purchases for an expansion is exempt from sales tax. The member contacted KLA who helped them complete and submit the application to the Department of Revenue. With KLA's assistance, this member will save more than \$200,000 in sales tax.

A KLA member was buying barbed wire at a local retail store and the clerk started to charge sales tax on the purchase. The member was aware fence materials no longer are subject to sales tax, thanks to a KLA-supported bill passed last session. The member called KLA and staff was able to help the clerk find the right information for the exemption.

The KLA office received a call from a member to discuss an employee's unemployment claim. KLA legal staff visited with the member to share insight into the employee's appeal process and tips for engaging with Department of Labor staff during the hearing.

A design and construction firm reached out to KLA to get contact information for various livestock and trucking operations in the state. The firm was working with the Kansas Department of Transportation to do a study and needed to have one-on-one discussions to gather insight and opinions on transportation funding. KLA was able to get members and industry partners in contact with the firm to help the state gain a better idea of ongoing needs for transportation funding in Kansas.

A KLA member contacted the office after being charged sales tax on a self-propelled bale wagon. The seller indicated the information provided by the state on this item was unclear, so staff contacted the Kansas Department of Revenue to clarify whether the bale wagon was exempt under farm equipment and machinery. The machinery was exempt and staff called the company to get a full sales tax refund for the member. ■