



Since 1894

To: House Committee on Taxation
Rep. Steven Johnson, Chair

From: Mike Beam, Sr. Vice President

Subj: Testimony in support of **HB 2387**, legislation providing sales tax exemptions for repairing, rebuilding or replacing fences and other property destroyed by wildfires in 2017.

Date: March 13, 2017

The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing nearly 5,200 members on legislative and regulatory issues. KLA members are involved in many aspects of the livestock industry, including seed stock, cow-calf, and stocker cattle production; cattle feeding; dairy production; swine production; grazing land management; and diversified farming operations.

Thank you, Chairman Johnson for expediting this hearing to address a significant and catastrophic disaster for many families in Kansas. As reported in multiple news articles, wildfires in 23 counties burnt over 711,950 acres in Kansas last week. The largest fire, referred to as the Starbuck Fire, burnt over 500,000 acres of grasslands in Clark and Comanche Counties, making it the single largest fire in the state's history. Ranchers lost considerable amount of fence, livestock, forage resources and harvested feed. Rural homes and outbuildings were also among the losses.

Rebuilding homes, fences and outbuildings will be an unprecedented financial hit for too many families who live and operate businesses in the 711,950 acres. While homes and structures were likely covered by insurance, fence repairs and livestock losses are usually not covered by insurance. USDA programs may help to some extent, but these programs are limited in scope when we consider the magnitude of the financial losses that have occurred.

For example, cow-calf producers who lost their herd have lost considerable equity that may have taken multiple generations to build. Often a cow herd is the equity that has secured bank loans for operating expenses and equipment purchases. Furthermore, the cow-calf producers whose cows perished in the fire will be without a calf crop and pay check in 2017 and possibly 2018.

(over)

HB 2387 is intended to provide relief for those who need to rebuild after the fires by granting a one year sales tax exemption for materials purchased to replace and rebuild specific properties as listed in lines 12 and 13. Our testimony will focus on the need to address this limited sales tax exemption for fences that enclose land devoted to agricultural use.

This concept was first adopted in 1996 when wildfires burnt off approximately 80,000 acres in Barber and Comanche counties. At the end of last year's legislative session, a tax bill was amended to renew this exemption for 2016 to address the fence destruction from the Anderson Creek Fire that burned 312,000 acres in Barber and Comanche counties. This sales tax exemption expired on December 31, 2016.

It should be noted that fencing is the primary infrastructure for many ranching/grazing operations. Materials to replace destroyed fences will usually exceed \$10,000 per mile. While insurance will help in some instances, we've learned that most farm and ranch policies do not cover fences.

USDA's Emergency Conservation Program, if funded and made available, may provide financial assistance for replacing these fences. This program may provide cost-share assistance of up to 75%, but is limited to \$200,000 per person or entity. In addition, if this program is made available it will be months before these USDA funds are distributed.

You may wonder if a fiscal note will be estimated for this bill. I realize it is customary for the Kansas Department of Revenue to provide this analysis for all bills. If a fiscal note is provided I urge you to keep this in prospective. This is an amount of lost tax revenue that would only occur because of the fire(s). It's our suggestion the state coffers should not receive a windfall due to the misfortunes of a natural disaster.

This legislation will provide some needed relief, and we encourage the 2017 Legislature to pass the bill and extend this sales tax exemption for 2017.

Thank you!

**PUBLIC
INFORMATION
MAP**

**NORTHWEST
OKLAHOMA
COMPLEX**

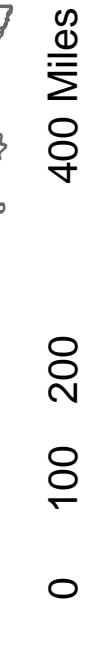
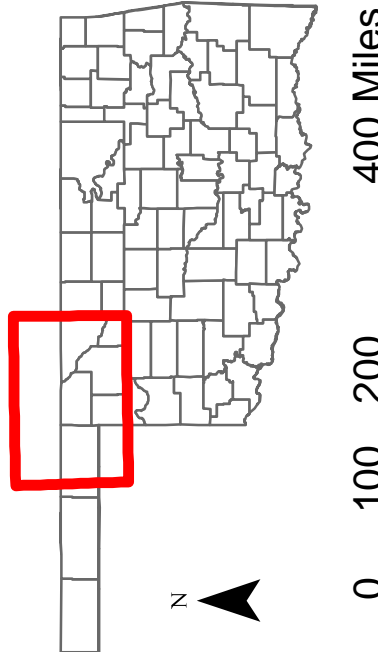
MARCH 12, 2017

STARBUCK 662,000 ACRES
 SELMAN 47,289 ACRES
 283 69,395 ACRES
 BEAVER 2,962 ACRES

TOM BARNES
 1130 HOURS
 MARCH 11, 2017

- Towns
- Roads
- Fires
- ▭ State Boundary
- ▭ County Boundary

VICINITY MAP

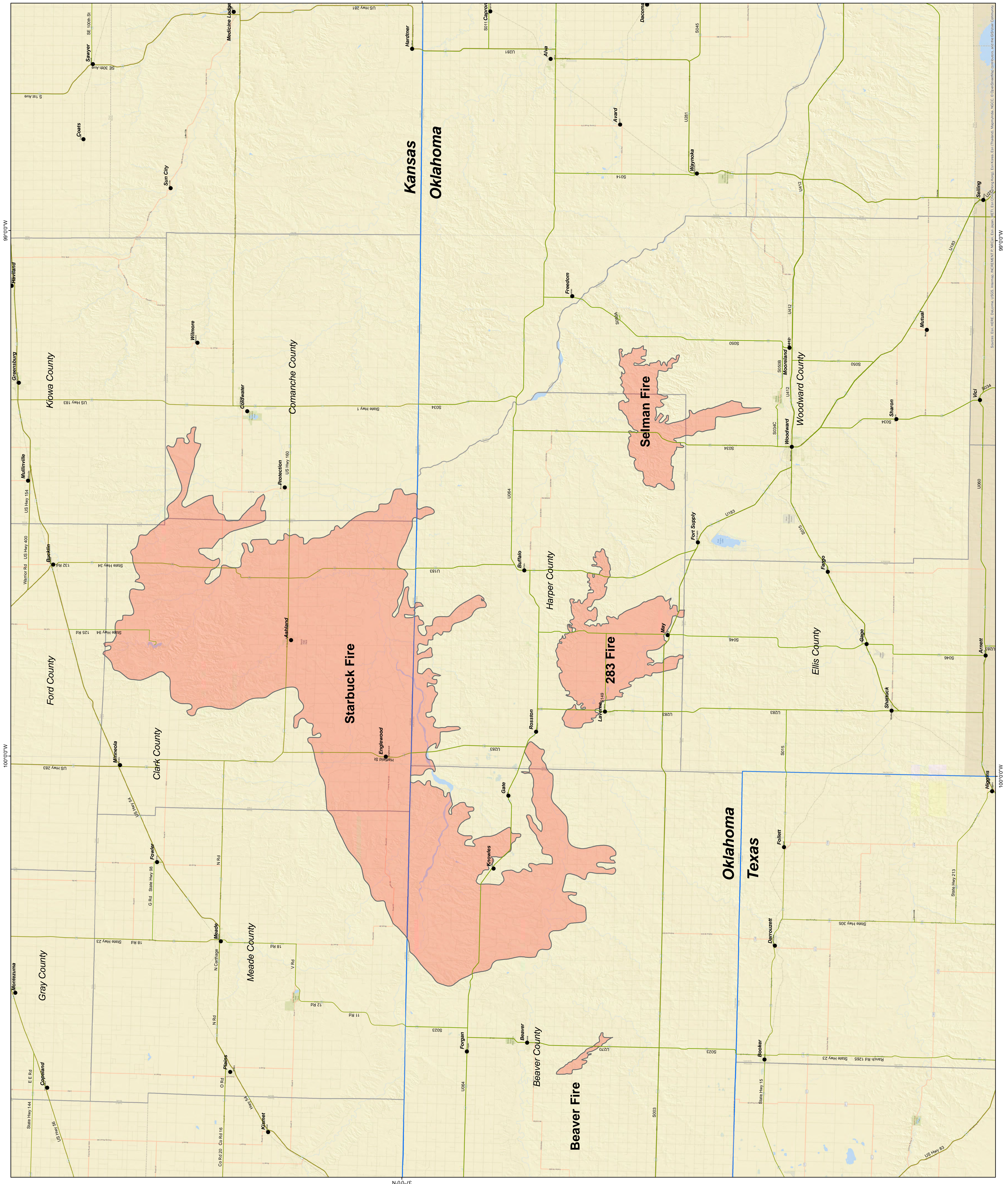


0 100 200 400 Miles



Coordinate System: State Plane OK North FIPS 3501
 Datum: NAD 1983 (2011)
 Units: Foot (US)

0 2.5 5 10 Miles



Source: Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NOAA, Ordnance Survey, AeroGRID, IGN, Esri, Swatch-Norby
 N.0.0.42
 99°00'00"W
 100°00'00"W
 37°00'00"N

Fire Relief Donations

FACT: More than 461,000 acres in Clark County and 23,000 acres in Comanche County have been decimated in the historic Starbuck Wildfire.

FACT: Recovery efforts will take years and cost tens of millions of dollars.

If you would like to contribute in the rebuilding efforts, the following are recommended:

Ashland Community Foundation

WHY: Ashland Community Foundation is a 501(c)3 organization
Donations are tax deductible
100% of donated funds are distributed

HOW: Go to Ashlandcf.com
Bring checks to Stockgrowers State Bank or
Mail to: Ashland Community Foundation/Wildfire Relief Fund
P.O. Box 276, Ashland, KS 67831
Please note: Wildfire Relief Fund in the memo line

Kansas Livestock Association

WHY: KLA has a proven process for application and disbursement
Donations are tax deductible
100% of donated funds are distributed

HOW: Go to KLA.org
Bring checks to Stockgrowers State Bank or
Mail to: Kansas Livestock Foundation/Wildfire Relief Fund
6031 SW 37th St., Topeka, KS 66614

Ashland Feed & Seed (Hay Donations)

WHY: More than 500,000 acres of grasslands and hay resources have been burned

HOW: Call Ashland Feed & Seed (620) 635-2856

Specific Individuals or Families

If you wish to donate directly to an individual or specific family, please make checks payable **directly to the individual or family** and mail to:

Stockgrowers State Bank
Wildfire Relief
PO Box 458
Ashland, KS 67831

Bank of Ashland
Wildfire Relief
PO Box 157
Ashland, KS 67831