

To: House Taxation Committee, Representative Steven Johnson, Chairman

From: Rich Felts, President, Kansas Farm Bureau

Date: March 13, 2017

Re: HB 2387 - concerning sales and compensating use tax; exemption for repairing, rebuilding or replacing certain property destroyed by wildfires

Chairman Johnson and members of the Committee, I appreciate the opportunity to provide written testimony as a proponent to HB 2387. As the committee is well aware, there have been devastating wildfires throughout the state of Kansas during the past week. The damage from these wildfires is still unknown, but they are significant.

Under Kansas law, the labor and supplies used to build fences on farm and pasture land is generally a taxable sale. The Kansas legislature has generally provided a sales tax exemption for fences needing to be rebuilt because of the destruction of wildfires when major wildfires occur in this state. Oftentimes, the cost of replacing fences is not covered by insurance, and this unexpected expense can be difficult for farmers and ranchers to assume when fencing costs can reach well over \$10,000 per mile. Therefore, we are supportive of HB 2387 in order to provide a relief for the farmers and ranchers affected by this terrible natural disaster.

Thank you for your positive consideration of this measure, and I encourage you to pass this bill out favorably when the opportunity arrives.