

HB 2254

Thank you Chairman Smith and Members of the Committee for Allowing me to Speak to you about this Bill I am House Representative Lance Neelly of the 42nd District. This is an issue that has plaguing the Agricultural Community All across Kansas for a few years now. However, over this Last two years it has grown profusely.

HB 2254 attempts to bring Clarity and Fairness to an Enormous amount of Misinterpretations and Inconsistencies in our already Stifling and Rising assessments and Taxing of Agri-Businesses. I use the wording Agri-Businesses because I want to Point out that this is Not “just” an Agritourism Issue.

However, In 2020 the State of Kansas put out a 25 page publication on Agri-Tourism. It was a Excellent publication and even went into how to get into Agritourism and build an Agritourism Business. But much to the Chagrin of Many of these newly formed businesses they were Accessed by their County Tax Appraisers as a “Commercial” Entity, either entirely or partially and No Longer “Agriculture”. The State Interpreted the Tax Laws to mean Any Entity Selling to the Public is “Commercial”. Or the Area, Land or Building from which the Selling Occurs is Commercial.

This could actually Affect their Ability to get “Agricultural” Grants and Loans. And could cause many across the State to no longer exist with out those.

The Department of Revenue and Board of Tax Appeals heard the Objections and Pleas from only a few of the Businesses Affected, mainly because these small Farms, Wineries, Honey Producers, Alpaca Farms, Farm to Table sellers of Beef and Pork did Not have the Funds to Hire an Attorney and Fight the State of Kansas.

Two Questions? Does a Barn Cease to be a Barn because in that Barn you sold a Hat with your Brand or Logo on it? This is Part of Promoting Your Business. But you get the same Assessment if you sold eggs or Honey.

And Two..When does an Agricultural Product Stop being an Agricultural Product? These Places are Not turning into Walmart’s and Should Not be Classified and Accessed as such.

I have heard from Dozens of these businesses but have One Example I think shows the egregious damage this type of assessment can do to a business. Not too far from where I live in NE Kansas was a place that sold Pick Your Own Pumpkins. The Patch of land in which they sold from went from \$6,000 a year in Taxes to \$30,000. I have already heard we may be painting Potatoes for Easter due to Cost of Eggs, I’m Not Sure what we replace Pumpkins with at Halloween. It has all but Closed that Business from Selling Pumpkins.

Mr. Chairman and Committee, It is My fear that if we do Not Fix this Issue the Majority of these Small Agri-Businesses will Not be here Next Year.

Thank You and I Will stop there now and allow some of the other Confreries tell you some of their Encounters with this issue and I am Available for Questions at the Appropriate time.