

SESSION OF 2022

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2464
As Amended by House Committee on Taxation

Brief*

HB 2464, as amended, would create a sales tax exemption for purchases necessary to reconstruct, repair, or replace a fence used to enclose agricultural land that was damaged or destroyed by a wildfire, flood, tornado, or other natural disaster occurring on or after January 1, 2021.

In order to be eligible for the exemption, the property containing the fence would be required to be located within an area declared to be a disaster by the federal, state, or local government.

For applicable purchases already made, taxpayers would be entitled to a refund of sales tax upon provision of appropriate documentation.

The bill would be in effect upon publication in the *Kansas Register*.

Background

The bill was introduced by Representatives Waymaster, Rahjes, Adam Smith, and Wasinger.

In the House Committee hearing, **proponent** testimony was provided by Representative Waymaster, Senator Bowers, representatives of the Kansas Livestock Association and the Russell and Ellsworth County Emergency Management Agency, and a private citizen. Proponents described the nature and extent of damage caused by

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

wildfires in the state on December 15, 2021, and noted the cost to replace fencing that farmers and ranchers incur as a result of that damage. Proponents also noted that previously, Kansas had a similar temporary sales tax exemption in place, most recently in 2017 and 2018. Written-only proponent testimony was provided by the Kansas Attorney General and a representative of Kansas Farm Bureau.

No other testimony was provided.

The House Committee amended the bill to expand the availability of the exemption to fencing destroyed by flood, tornado, or other natural disaster, to limit the eligibility for the exemption to areas where a disaster had been declared by some level of government, and to define wildfire.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue indicates enactment of the bill is anticipated to reduce state sales tax receipts by \$1.4 million related to the repair and replacement of fencing associated with the December 2021 wildfires. The bill is also anticipated to reduce local sales tax collections by an indeterminate amount.

A fiscal note on the amended bill was not immediately available. Any fiscal effect associated with the bill is not reflected in *The FY 2023 Governor's Budget Report*.

Taxation; sales tax; natural disaster; sales tax exemption; agricultural fencing