

SESSION OF 2017

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2387

As Amended by House Committee on Taxation

Brief*

HB 2387, as amended, would provide a sales tax exemption for all property and services purchased during 2017 or 2018 necessary to construct, reconstruct, repair, or replace any fence used to enclose agricultural land that was damaged or destroyed by wildfires occurring in 2016 or 2017.

The exemption could be claimed at the point of sale with an exemption certificate developed by the Department of Revenue. Additional language would establish a refund mechanism relative to receipts on any such qualifying purchases made prior to the effective date of the act.

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

Background

Proponents at the House Committee on Taxation hearing, including Representative Kan Rahjes and representatives of the Kansas Livestock Association and Kansas Farm Bureau, pointed to costly damage thus far in 2017 from wildfires across the state.

The original bill also would have exempted purchases associated with repairing or replacing certain residential property and utility poles damaged by the wildfires.

*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>

On March 13, the House Committee amended the bill to limit its application to agricultural fencing; to clarify that the exemption could be claimed under certain circumstances at the point of sale; and to expand the retroactivity of the exemption to include fires that had occurred during 2016.

Fiscal information provided by the Department of Revenue on the original bill indicates, based on the amount of wildfire damage to fences through March 10, state sales tax receipts would be reduced by at least \$4.60 million. Of this amount, \$3.86 million would be attributable to a reduction in State General Fund receipts and \$0.74 million to a reduction in State Highway Fund receipts. The provision making the bill retroactive to fires from 2016 would increase these amounts by an indeterminate amount.