

STATE OF KANSAS

Bill Graves, Governor

DEPARTMENT OF REVENUE

Stephen S. Richards, Secretary

Mark Beck, Director
Property Valuation Division
Department of Revenue
915 SW Harrison St., Room 400
Topeka, KS 66612-1585



(785) 296-2365
FAX (785) 296-2320
Hearing Impaired TTY (785) 296-3909
Internet Address: www.ink.org/public/kdor

Division of Property Valuation

MEMORANDUM

Supersedes May 12, 1997 Memorandum

TO: County Appraisers and Personal Property Staff

FROM: Personal Property Section, Technical Support Bureau

DATE: June 5, 2001

SUBJECT: Personal Property Farm Exemptions

Farm machinery and equipment is exempt under K.S.A. 79-201j (a). The farm machinery and equipment exemption is one that the county appraiser has some discretion to administer. K.S.A. 79-213 (l). Farm machinery and equipment may be exempt by the county appraiser if it clearly qualifies for exemption. If the county appraiser is in doubt as to whether property qualifies for the exemption, he or she must construe in favor of taxation. The county appraiser should then assist the owner in applying for exemption in the usual manner through the Board of Tax Appeals (BOTA) pursuant to Directive 92-025.

To qualify for exemption under K.S.A. 79-201j (a), the property must:

- 1) Satisfy the statutory definition of "farm machinery and equipment;" and
- 2) Be actually and regularly used in a "farming or ranching operation" as defined by law.

Property no longer has to be *exclusively used* in a farming or ranching operation. An exemption may be granted even if the property is used to some extent for nonexempt purposes in addition to being actually and regularly used for farming or ranching.

In terms of the property's use, the term "farming or ranching operation" includes:

- 1) Operating a feedlot;
- 2) Performing farm or ranch work for hire; and
- 3) Planting, cultivating and harvesting nursery or greenhouse products, or both, for sale or resale.

Farm Machinery & Equipment Memorandum, June 2001

The term “farm machinery and equipment” by law includes:

- 1) Machinery and equipment comprising a gas distribution system that is owned and operated by a nonprofit public utility described in K.S.A. 66-104c and that is operated predominantly for the purpose of providing fuel for the irrigation of land devoted to agricultural use; and
- 2) Any greenhouse that is not permanently affixed to real estate and that is used for a farming or ranching operation.

The term “farm machinery and equipment” specifically does *not* include:

- 1) **Passenger vehicles** **K.S.A. 8-126 (x)**
Every motor vehicle designed primarily to carry 10 or fewer passengers and which is not used as a truck.
A motor vehicle means every vehicle, other than a motorized bicycle or a motorized wheelchair, which is self-propelled. (8-126 (b)).
- 2) **Trucks** **K.S.A. 8-126 (c)**
A motor vehicle that is used for the transportation or delivery of freight and merchandise or more than 10 passengers.
- 3) **Truck tractors** **K.S.A. 8-126 (e)**
Every motor vehicle designed and used primarily for drawing other vehicles, and not so constructed as to carry a load other than a part of the weight of the vehicle or load so drawn.
- 4) **Trailers** **K.S.A. 8-126 (h)**
Every vehicle without motive power designed to carry property or passengers wholly on its own structure and to be drawn by a motor vehicle.
- 5) **Semitrailers** **K.S.A. 8-126 (i)**
Every vehicle of the trailer type so designed and used in conjunction with a motor vehicle that some part of its own weight and that of its own load rests upon or is carried by another vehicle.
- 6) **Pole trailers** **K.S.A. 8-126 (j)**
Any two-wheel vehicle used as a trailer with bolsters that support the load, and does not have a rack or body extending to the tractor drawing the load.

However, “**farm trailers**” as defined by K.S.A. 8-126 (z) *may* qualify for exemption. A farm trailer means every **trailer** as defined in 8-126 (h) and every **semitrailer** as defined in 8-126 (i) that is both: (1) designed and (2) used primarily as a farm vehicle.

To qualify for exemption, a farm trailer must be *actually and regularly used* in a farming or ranching operation. It must also be: (1) designed and (2) used primarily as a farm vehicle. For example, a stock trailer is designed for farm use. Thus, the county appraiser need only determine whether the property is actually, regularly and primarily used for a farming or ranching operation. A semi-trailer may or may not be designed for farm use. Most semitrailers are designed for substantial over-the-road use, and can carry a variety of items for commercial purposes.

Farm Machinery & Equipment Memorandum, June 2001

If a county appraiser is in doubt as to whether a trailer or semitrailer is designed primarily for farm use, allow BOTA to review and decide the matter. Submit a photograph of the property for BOTA's review, and explain the potential uses of the property.

Passenger vehicles, trucks and truck tractors are expressly precluded from exemption as farm machinery and equipment. Truck beds that are an integral, permanent part of the truck are considered part of the truck itself. The truck, in its entirety, cannot qualify for exemption.

Please note that the definition of "implement of husbandry" in K.S.A. 8-126 (cc) includes not only exempt personal property (farm tractors), but non-exempt property as well. For example, the definition includes:

- 1) *Trucks* permanently mounted with spreaders used exclusively for dispensing or spreading water, dust, liquid fertilizers or agricultural chemicals;
- 2) *Trucks* mounted with a fertilizer spreader used or manufactured principally to spread animal dung; and
- 3) *Mixer-feeder trucks* owned and used by feedlots, and specifically designed and used exclusively for dispensing food to livestock.

When the truck bed is an integral, permanent part of the underlying truck, it cannot qualify for exemption. For example, the permanently mounted spreaders or mixer-feeder boxes on trucks that are implements of husbandry. This may cause some taxpayer confusion because an "implement of husbandry" does not have to be registered under K.S.A. 8-128, but may still be taxed. If the owner disagrees with the county appraiser's decision, assist them in submitting an application to BOTA. Provide BOTA a photograph of the property at issue and explain any relevant facts concerning how the property at issue is attached to the truck.

Farm equipment that attaches, but is not permanently attached to a truck, may qualify for exemption. For example, a tank and sprayer boom used for spraying fertilizer and chemicals.

In addition to farm machinery and equipment, the following machinery and equipment is exempt pursuant to K.S.A. 79-201j (b):

- (1) Aquaculture machinery and equipment that is actually and regularly used in any aquaculture operation; or
- (2) Christmas tree machinery and equipment that is actually and regularly used in any Christmas tree operation.