

Unique exemptions, rules apply to trailers

BY BRENT HADEN AND RICH MCKEE

Trailers are a common piece of equipment used by most ranches, feedyards and farms. Each year, the KLA office receives numerous producer questions about trailers. Reviewing information about sales and property taxes, registration, tagging and light requirements for trailers will save members more than their annual KLA dues.

Whether sales tax should be applied to the purchase of trailers is one of the more common questions received at KLA. Trailers purchased for exclusive use in ranching, feedyard or farming operations qualify as farm machinery and equipment and are therefore exempt from state and local sales tax. The exemption is available regardless of the size of the trailer, with semi-trailers qualifying. It applies to the purchase or lease of new or used trailers. Also, because trailers are defined as farm machinery and equipment, the sales tax exemption extends to repair and replacement parts, as well as the labor costs for servicing or repairing a trailer. As an example, tires purchased for a trailer would be exempt from sales tax.

Because the exemption is tied to exclusive use in production agriculture, there are some notable exceptions. If the trailer is used for hobbies or recreation (e.g., traveling to horse shows), the exemption is lost. The exemption also is void if the trailer is used to haul for hire, even if the products being transported are ag commodities.

To obtain this sales tax exemption, KLA members should provide the seller

with a signed ag exemption certificate, which can be found on the KLA web site. Go to www.kla.org, click on "Members only" and key in the password `consumerdemand`.

In cases where sales tax mistakenly was charged, refunds are available for up



to 36 months. Contact Rich McKee at the KLA office for assistance obtaining a refund.

Another question KLA receives is how property tax applies to trailers. State law specifically defines farm trailers and semi-trailers as farm machinery and equipment and therefore exempt from property tax. Once again, the size of the trailer does not matter. Rather, it is the use that determines the status of the exemption.

Producers should be aware of Kansas laws regarding the registration and tagging of trailers. Farm trailers weighing a combined total (trailer and cargo) of 6,000 lbs. or less are exempt from registration and tagging requirements, if the trailer is carrying only ag products or commodities belonging to the owner of the trailer. Trailers used to carry feed

or hay from the field to storage or a feedlot, and used only on the highway incidentally for this purpose, also are exempt from registration and tagging requirements. All other trailers must be registered and tagged under Kansas law.

Some members have had trouble with their local county appraiser's offices in situations where the trailer is heavy enough to be registered, but exempt from property tax because it qualifies as farm machinery and equipment. Appraiser office employees have grown accustomed to handing out property tax forms with registration information. They sometimes insist any vehicle that must be registered also is subject to property tax. However, under the law, registration may

be required on a specific trailer due to weight, but it still could be exempt from property tax due to its use classification. Members encountering this situation at the appraiser's office should call KLA for assistance.

Lights on trailers are an issue that frequently comes up. All trailers in Kansas are required to have two taillights that serve as brake lights when stopping. Trailers must have working turn signals to comply with the law as well.

Members could have other questions about how exemptions or regulations apply to trailers. If you have questions not answered in this space or need help explaining the exemptions to a retailer or county treasurer, please contact the KLA office. This is one of the many reasons it pays to belong to KLA! **ks**