



**DATE:** February 21, 2013

**TO:** House Committee on Taxation

**FROM:** Randy E. Stookey, General Counsel  
Kansas Grain and Feed Association (KGFA)  
Kansas Agribusiness Retailers Association (KARA)

Leslie Kaufman, President and CEO  
Kansas Cooperative Council (KCC)

**RE:** Joint Written Testimony in support of HB 2285, regarding the definition of commercial and industrial machinery and equipment

Chairman Carlson and members of the Committee on Taxation, thank you for allowing us the opportunity to testify in support of HB 2285. The KGFA is a voluntary trade association with a membership encompassing the entire spectrum of the grain receiving, storage, processing and shipping industry in the state of Kansas. The KARA is a voluntary trade association whose membership includes over 700 agribusiness firms that are primarily retail facilities which supply fertilizers, crop protection chemicals, seed, petroleum products and agronomic expertise to Kansas farmers. The Kansas Cooperative Council represents all types of cooperative businesses in Kansas including agriculture marketing and supply, utilities, financial co-ops and consumer cooperatives.

The machinery and equipment at our members' retail and processing facilities are fairly consistent from one location to another. However, we have witnessed discrepancies among taxing jurisdictions as to how some of that equipment is classified for appraisal purposes. We are concerned that unless a clear and consistent definition of "commercial and industrial machinery and equipment" is set forth in statute, the classification of our members' equipment will become even more disjointed and unequal across the state.

Because of the negative effect this inconsistency takes on our member businesses, Kansas rural economies and communities, and the Kansas business climate as a whole, we believe the best approach is to establish, in statute, a clear standard definition of commercial and industrial machinery and equipment for all taxing authorities to follow.

We jointly support the approach taken in HB 2285, by amending K.S.A. 79-102 to insert a specific definition of "commercial and industrial machinery and equipment" in the statute. We concur with our fellow conferees who support this proposed language, as we believe this definition is critical to creating stability and consistency in the classification of machinery and equipment across Kansas. Further, we believe this definitional language is historically consistent and embodies each of the concepts from the historic three-part test set out in Kansas jurisprudence.

We appreciate the Property Valuation Division's willingness to work with us in this process. We thank this Committee for the opportunity to share our comments, and I will stand for questions at the appropriate time.