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THE FARMERS COOPERATIVE EQUITY CO

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To: House Committee on Taxation

From: Theodore Behring, General Manager of Farmers Coop Equity Co.

RE: Proponent Testimony on HB 2460, providing an income tax credit for qualified railroad track maintenance expenditures of short line railroads.

Chairman Johnson and members of the committee, thank you for the opportunity to provide testimony on House Bill 2460. This testimony is submitted on behalf of the Farmers Coop Equity Co. (FCE). FCE is a coop in south central Kansas that handles around 3 million bushels of grain a year and both ships and receives shipments by rail.

As FCE continues to grow and with technology that is allowing our producers to grow more bushels in corn, wheat, milo, and soybeans it is vital for our business to have our rail system to be in good working order, not only main lines but our sidings as well.

FCE has four locations that we own the siding. In the last three months we have spent close to \$30,000 in repairs and we are looking at doubling or more in the next 12 months for repairs alone to keep us able to use the coop owned siding. FCE has been red flagged at two locations in the three months and wasn't able to receive railcars to load our grain out till they were fixed. FCE will need to spend a great deal of money not only in the expense of the fix but the down time of not able to load cars and hit markets in a timely matter.

FCE would ask for you to amended HB 2460 to extend the income tax credit to owners/lessees of rail siding on class II /III rail line.

Thank you for allowing FCE the opportunity to testify in support of House Bill 2460. We respectfully ask that Committee amend the bill to extend the income tax credit, as suggested above, and then pass the bill out favorably, as amended.