



## PAWNEE COUNTY COOP ASSOCIATION

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January 30, 2020

The Honorable Members of the Taxation Committee  
Kansas House of Representatives  
Topeka, Kansas

Re: House Bill 2460

Dear Taxation Committee Members:

I am writing today on behalf of the Pawnee County Cooperative Association in Larned. The Pawnee Coop is a customer on the Kansas Oklahoma Railroad. We are in the grain and fertilizer business and rely heavily on the short line rail network to get our products. We ship grain and we receive both liquid and dry fertilizer by rail all year long.

Our facilities are located in Larned, Garfield and Dartmouth where our business has been for 115 years. It is rural communities, like our, that feed America. We also contribute property tax to the local economy. We are writing in full support of House Bill 2460 and appreciate your consideration. At our three facilities with rail line capacity we can ship a total of 75 cars at one time. From January 1, 2010 through December 31, 2019 we have shipped a total of 7,503 rail cars @ 3,300 bu equaling 24,759,900 bushels grain. This is just the last decade. This does not even show the amount of dry and liquid fertilizer we have received in the same time frame.

It is essential that our state invests in the maintenance and expansion of our rural transportation network. Just think had we not had rail there would have been over 27,511,000 trucks on the highway system during this same decade period along with those already on the road. This is the only way we stay competitive as a business, as a state, and, ultimately, as a nation. Short line rail service is a vital piece of this puzzle. Without a modern rail network, our business would be at a serious disadvantage to those based in more urban settings.

Though much smaller than their Class I partner railroads like BNSF and Union Pacific, short line railroads, must still address similar scale maintenance needs on their systems. The proposed short line tax credit would encourage greater investment in this critical network. This toll could be used to help these line safely grow capacity and improve efficiency. Today, our coop is required to load grain cars at a limit of 263,000 lbs. We know the industry standard is 286,000 lbs. Due to the high cost of capital, these low margin short lines need support if the goal is 285,000 lb. capacity.

We respectfully encourage you to vote in favor of HB 2460. We are happy to answer any questions and appreciate your support of both agriculture and rail industries.

Sincerely,

  
Hugh Mounday

General Manager