



February 3, 2020

To: Members of the House Taxation Committee

Re: HOUSE BILL No. 2460, Session 2020

Good Afternoon Chairman Johnson and esteemed Members of the Committee. My name is Jerald Kemmerer and I am the General Manager of Pride Ag Resources in Dodge City. We ship grain on the Kansas & Oklahoma Railroad, a short line railroad serving central and western Kansas. We would like to express our full support of House Bill 2460 as it is through the short line rail network our grain makes it to the regional and national marketplace efficiently and safely.

We have 15 grain elevators, located in Southwest Kansas. Our business is the backbone of our rural economy and it is only through efficient transportation options we can be most effective and competitive. Short line railroads care about our business. Their team, like ours, lives in the community they serve and is strongly tied to the economic vitality of the state. They also have to deal with similar constraints. Unlike the big railroads, short lines have a smaller margins but still have the same maintenance needs as their larger counterparts. This makes it hard for them to take on large scale capital projects without outside support. A short line tax credit is a tool that can be used to encourage greater investment in these lines around the state.

For example, due to the current weight restriction on the parts of the K&O Railroad, Pride Ag is required to light load our rail shipments to 263,000 lbs. There is also a 10 mile per hour speed restriction in place. An upgrade to heavier-hauling modern railcars that can load out at 286,000 lbs, which could be spurred by this tax credit, would greatly improve capacity and reduce travel times for our grain to get to market. Sounds simple? In theory it is, but the expense of this upgrade is intimidating.

With the introduction of this credit, modernization projects could actually be within reach. These priorities could finally be addressed with the comfort of knowing that the state of Kansas is firmly invested in the expansion of the rural freight rail network. This is a win-win for us all.

We appreciate your serious consideration.

Sincerely,

A handwritten signature in black ink that reads "Jerald Kemmerer". The signature is written in a cursive style.

Jerald Kemmerer
General Manager