



Kansas Grain and Feed Association
Kansas Agribusiness Retailers Association
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March 16, 2022

To: House Committee on Taxation
From: Randy Stookey, Senior Vice President of Government Affairs, KGFA, KARA
Re: **Proponent Testimony on Senate Bill 326, providing an income tax credit for qualified railroad track maintenance expenditures of short line railroads and associated rail siding**

Chairman Smith and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 326. This testimony is submitted jointly on behalf of Kansas Grain and Feed Association (KGFA) and Kansas Agribusiness Retailers Association (KARA).

KGFA is the state association of the grain receiving, storage, processing and shipping industry in Kansas. The KGFA's membership includes over 950 Kansas business locations and represents 99% of the commercially licensed grain storage in the state. KARA is an agribusiness industry trade association whose membership of over 700 companies provides goods and services to Kansas farmers.

Kansas agricultural producers continue to grow record bushels of corn, sorghum, wheat, soybeans and other commodities. Our member agribusinesses and commercial grain elevators work with Kansas farmers to provide inputs and receive, store, and transport grain.

It is vital for our state economy that agricultural inputs efficiently reach Kansas farmers, and that Kansas produced grains can be economically transported to market. While many Kansas agribusinesses and grain elevators rely on commercial trucking to transport inputs and commodities, others are located on rail lines, including short line rail, and can take advantage of that efficient mode of transportation.

Short line rail is vital to our members that receive agricultural inputs and ship grain. In addition to the income tax credits provided to short line rail for qualified investments in short line railroad track, Senate Bill 326 would provide an income tax credit of up to \$5,000 annually for maintenance investments in rail siding. Such maintenance projects include the installation of crossties and ballast, tamping and regulating.

Without continued maintenance of short line rail, our members would be forced to transport agricultural inputs and grain by truck over Kansas highways. This would increase transportation costs, add hundreds of trips by commercial truck onto Kansas roads, and decrease the property values of the affected grain elevators. As such, this bill represents an investment in the Kansas economy.

For these reasons, we support this measure which passed the Senate on a vote of 29-7. Thank you for allowing us the opportunity to testify in support of Senate Bill 326. We would respectfully request that the committee pass the bill out favorably.