



Kansas Grain and Feed Association
Kansas Agribusiness Retailers Association
Renew Kansas Biofuels Association
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February 2, 2022

To: Senate Committee on Taxation
From: Randy Stookey, Senior Vice President of Government Affairs and General Counsel
Re: **Joint, Proponent Testimony on Senate Bill 359, expanding eligible uses for 0% state rate for sales tax for certain utilities and the levying of sales tax on such sales by cities and counties and authorizing cities and counties to exempt such sales from city or county tax.**

Chairman Tyson and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 359. This testimony is submitted jointly on behalf of Kansas Grain and Feed Association (KGFA), Kansas Agribusiness Retailers Association (KARA), and Renew Kansas Biofuels Association (Renew Kansas).

KGFA is the state association of the grain receiving, storage, processing, and shipping industry in Kansas. 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 includes over 700 companies across Kansas. Renew Kansas is the trade association of the Kansas biofuels processing industry.

Across Kansas, our member grain elevators, biofuel processing plants, and agribusiness facilities contribute to the Kansas economy and provide gainful employment for thousands of Kansans. These industries also function as good corporate citizens, paying millions of dollars annually in property taxes that help support schools and state and local government.

Members of these industries are also high industrial users of energy. The ability of our members to operate a competitive or profitable business is often dependent upon the amount of input costs, such as utilities.

Unfortunately, Kansas has the highest electric rates in our region. Paying higher energy rates than similarly-situated energy users in the Midwest causes our industries to be less competitive. These high energy costs are not sustainable and have caused some in our industry to invest in on-site cogeneration to remain viable. In addition, as grain elevators and biofuel processors must operate continuously, they are generally assessed peak use rate surcharges in addition to the high rates.

It is our understanding that Senate Bill 359 would allow for the removal of the state sales tax on natural gas and electricity. This measure would help lead our state toward more regionally competitive electric rates while maintaining reliable electric service. For this reason, and to ensure Kansas remains a competitive state to do business, we stand in support of the bill.

Thank you for allowing us the opportunity to testify in support of Senate Bill 359. We respectfully request that the committee pass the bill out favorably.