



Date: February 8, 2024
To: Chairwoman Caryn Tyson, Senate Assessment and Taxation Committee
From: Shahira Stafford, Kansas Cooperative Council
RE: Proponent Written Testimony on SB 376

Madam Chair and Members of the Committee,

Thank you for allowing the Kansas Cooperative Council (Co-op Council) to comment in support of Senate Bill 376.

Formed in 1944, the Co-op Council is a voluntary trade association representing all forms of cooperatively structured business in Kansas. Our purpose is to further the understanding of cooperative principals, methods of doing business, and the impact co-ops have on our state's rural economy. Kansas co-ops have over 575 locations, employ over 5,000 people, and represent over 116,000 members.

Our agricultural cooperatives have robust grain and agronomy operations that rely heavily on rail to transport product to market. Most of these co-ops are in rural communities that use short line railroads (Class II and Class III) to access the national freight network (Class I), ultimately exporting wheat, corn, sorghum, and other commodities both domestically and overseas.

As industry standards have changed, Class II and Class III railroads must upgrade their tracks to accommodate the high-capacity freight cars common to Class I railroads. Without these upgrades, grain elevators along the line risk losing rail service and relying only on trucks to transport commodities – which is slower and causes more damage to our state's roads and highways.

The Co-op Council supports extending the tax credit for the Pittsburg Port Authority as proposed in Senate Bill 376. We have five ag co-ops that are served along these lines, including Kanza Co-op, Skyland Grain, and three Isabel Co-op locations.

This tax incentive has proven beneficial in ensuring rail service to our small towns and spurring additional short line infrastructure investment. Being able to move more commodities in less time will greatly benefit our members and the entire production agriculture chain.

Thank you so much for the opportunity to comment on Senate Bill 376, and we respectfully ask for your support.