



Wednesday, March 5

The Honorable Senator Caryn Tyson  
Chairwoman Kansas Senate Assessment and Taxation Committee  
Kansas State Capitol  
300 SW 10<sup>th</sup> St.  
Topeka, KS 66612

Re: SB283, relating to the High Performance Incentive Program (HPIP)

Chairwoman Tyson, members of the Committee, my name is Rhett Heflin, vice president of refining at the CHS Refinery, located in McPherson, Kansas. CHS, the nation's largest farmer-owned cooperative, owns the McPherson refinery and is a diversified agriculture and energy business based in Minnesota. The cooperative is governed by a 17-member board and has a significant footprint in Kansas.

Crude oil from Kansas independent oil producers, among other sources, is refined to safely produce high quality fuels for Kansans and CHS farmer-owners. In addition to producing gasoline, diesel fuel and propane, the refinery produces certain byproducts, such as elemental sulfur and ATS fertilizer.

Kansas economic development policy is a contributing factor to the ongoing capital investment by CHS in the refinery. Specifically, the HPIP program provides an income tax credit while also enabling CHS to access a sales tax exemption for construction materials and labor on new construction annually. This is a competitive advantage for Kansas by reducing capital expenditure costs for Kansas businesses. In the 10 years since the last evaluation of HPIP and other economic development programs, CHS has spent more than \$1 billion in capital at McPherson.

As you review HPIP and other economic development programs, I encourage you and Kansas officials to maintain programs that support current and long-term capital investments for the benefit of rural communities and the State of Kansas.

CHS looks forward to working with you and partners like the Kansas Chamber of Commerce, Kansas Independent Oil and Gas Association, Kansas Cooperative Council and agriculture organizations to encourage capital investment in Kansas.

Sincerely,

Rhett Heflin  
VP Refining, CHS Refinery at McPherson  
CHS Inc.