



Skyland Co-op, Inc.

Connecting Our Producers To The World

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1125 W. Oklahoma
Ulysses, KS 67880

January 25, 2021

Opposition of House Bill 2069 House Financial Institutions & Rural Development Committee

Chairman Kelly and members of the committee, thank you for the opportunity to provide testimony in opposition to the tax exemption component of House Bill 2069. My name is David Cron and I am the CEO of Skyland Co-op, Inc. In addition, I serve as a director on both the Kansas Cooperative Council Board as well as the ProValue Insurance Board. Both organizations support the cooperative industry. Skyland is a grain farmers' co-op providing producers with the supplies and services their operations need to succeed today and in the future. Skyland has 42 locations across three different states and provides full-time employment to over 250 employees.

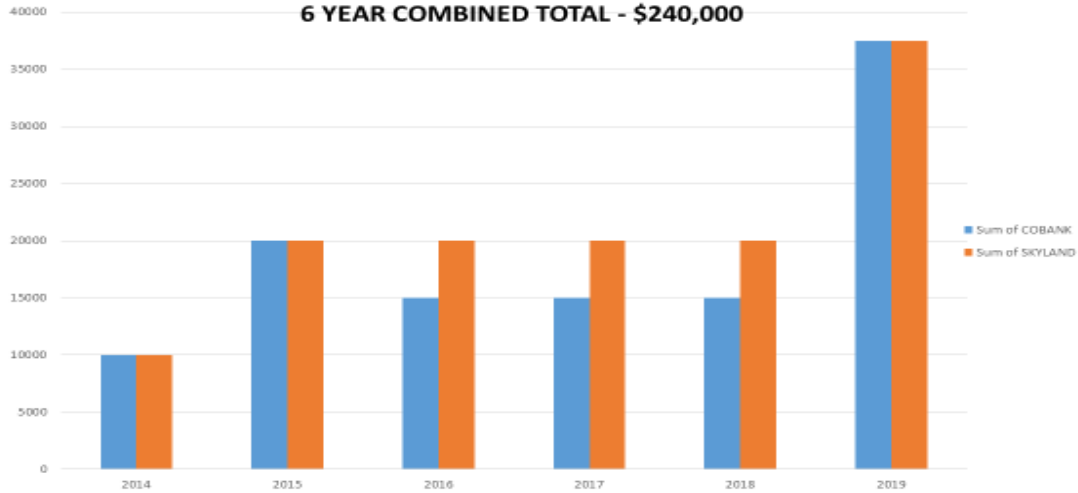
Commitment to community is one of the pillars of the cooperative business structure and Skyland certainly takes that challenge to heart. I grew up in a small town and appreciate the benefits that rural life in Kansas can provide. Small communities can provide a great quality of life for young people as well as for families. It is our job to communicate these opportunities and that includes engagement and participation with local cooperatives.

The tax exemption component of House Bill 2069 would go against a long-held precedent in our state by allowing a for-profit business access to a cooperative benefit without any of the statutory or cooperative structural requirements that cooperatives adhere to. The Skyland Board votes annually on how to allocate the earnings from the cooperative and includes cash patronage distribution to members and local community support including a matching program with regional cooperative CoBank. Through our Sharing Success Program, over the last six years Skyland and CoBank have been able to provide almost a quarter of a million dollars directly to the rural Kansans through grants. These grants do not have to be paid back and have included:

- Support to a rural Summer Lunch Program in Stanton County which provides meals to underprivileged families as well many other foodbanks across our territory
- Support of the development of an Agriculture Education programs at the High School in Haskell County, as well as several other programs across the state
- A grant to Pratt Community College to develop a new Crop Applicator Program
- Support of several local high school facility improvements
- Provide PPE (Personal Protective Equipment) & Hand Sanitizer to all local hospitals and clinics during COVID pandemic in our areas
- In addition, offer a Scholarship Program for students in our area to invest in their future

SHARING SUCCESS PROGRAM

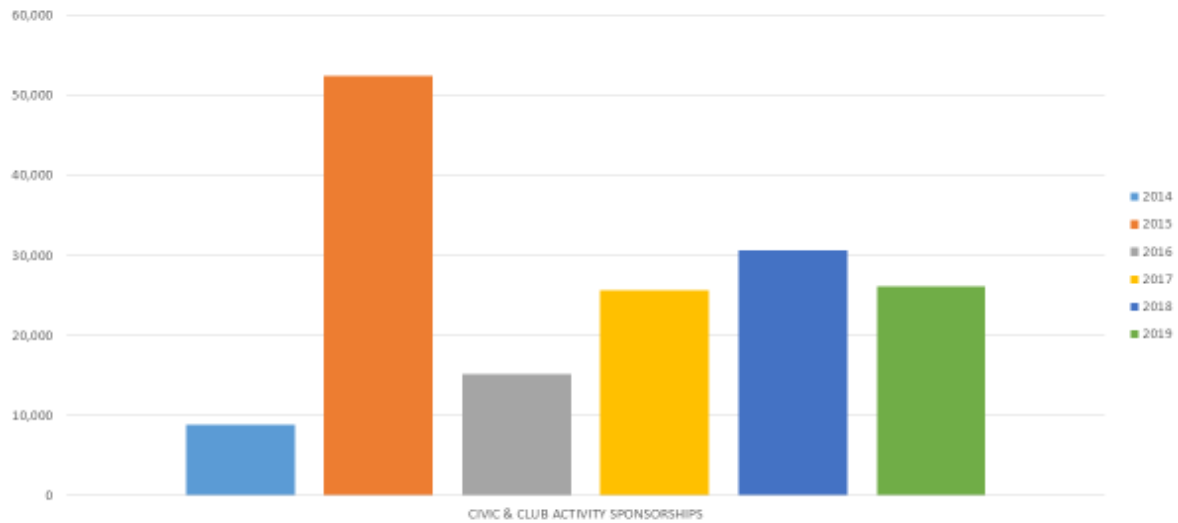
6 YEAR COBANK TOTAL – 105,000
6 YEAR SKYLAND TOTAL - \$135,000
6 YEAR COMBINED TOTAL - \$240,000



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CIVIC & CLUB ACTIVITY

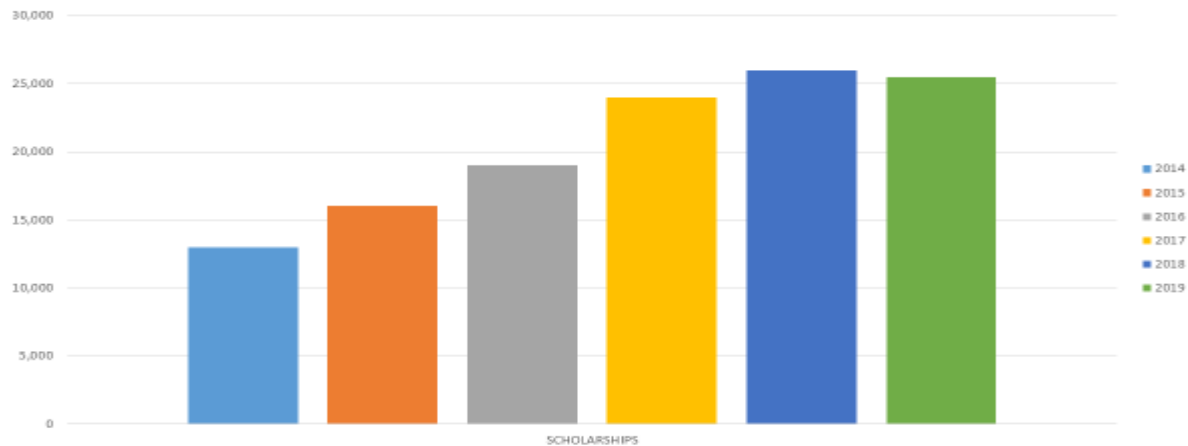
6 YEAR TOTAL - \$159,082.00



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SCHOLARSHIPS

6 YEAR TOTAL - \$124,000.00



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The passing of House Bill 2069 could jeopardize the cooperative structure that provides employment, tax dollars and community support to a significant amount of rural Kansas. This bill would set a new standard in Kansas tax policy and could open the door for other organizations to seek the same benefits without any of the cooperative business requirements.

Skyland wants to protect the cooperative business structure. We are very supportive of providing accessible funds to rural Kansans, including through the proposed economic recover loan deposit program, but we do not support providing the tax exemptions to for-profit entities without the same not-for-profit business structure requirements. My hope is that the committee will consider the long-standing history and benefits that are provided to Kansans through cooperatives and consider opposing this bill.

Respectfully,

David Cron
CEO, Skyland Co-op, Inc