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Date: March 16, 2022  
To: Chairman Adam Smith, House Taxation Committee  
From: Shahira Stafford, Kansas Cooperative Council  
**RE: Proponent Testimony on Senate Bill 326**

Mr. Chairman and Members of the Committee,

On behalf of the Kansas Cooperative Council (KCC), thank you for the opportunity to provide proponent testimony on Senate Bill 326. The KCC is a statewide association that works on behalf of all types of cooperatively structured businesses in Kansas. Some of the industries organized as cooperatives include agriculture, utility, financial and insurance. Simply, cooperatives differ from other businesses because they are member-owned, member-controlled, democratically governed, and all profits are returned to our member owners.

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. In fact, many of our members purchase or lease the land at their facilities, which means that they must maintain many feet of short line siding themselves. For example, one farmer-owned cooperative recently upgraded a total one-eighth of a mile of short line siding at three of their locations, which was a \$60,000 investment in rail infrastructure.

The KCC appreciates that the bill extends the tax credit to owners and lessees of rail siding located along a short line railroad of up to \$5,000 annually. We believe this will further ensure rail service to our small towns and spur additional short line infrastructure investment. Being able to move more commodities in less time will greatly benefit our farmer-owned cooperatives and the entire agriculture production chain.

Thank you, again, for the opportunity to provide comments in support of Senate Bill 326 today.