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Date: February 3, 2020
To: Representative Steven Johnson, Chairman, House Taxation Committee
From: Shahira Stafford, Kansas Cooperative Council
RE: House Bill 2460, income tax credit for short line rail track maintenance

Mr. Chairman and Members of the Committee,

Thank you for allowing me to testify in support of House Bill 2460. My name is Shahira Stafford, and I am here representing the Kansas Cooperative Council (KCC). The KCC represents all types of cooperatively-structured businesses including agriculture, utility, financial, and consumer coops. Simply, cooperatives differ from other businesses because they are member-owned, member-controlled, democratically-governed, and profits are returned to our patrons.

Our agricultural cooperatives have robust grain and agronomy operations that rely heavily on rail to transport product to market. Most of these coops 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. In fact, one of our cooperatives is in the process of upgrading the siding at three of their locations. When complete, the \$60,000 investment will have upgraded a total one-eighth of a mile of short line siding.

The KCC supports House Bill 2460 as written but would like to see it amended to extend the income tax credit to owners and lessees of rail siding located along a short line railroad. 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 members and the entire agriculture production chain.

On behalf of the agricultural cooperatives in Kansas, the KCC stands in support of House Bill 2460, with the proposed amendment mentioned above. Thank you so much for the opportunity to comment today, and I'd be happy to answer questions at the appropriate time.

Shahira Stafford
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