



To: Kansas House Taxation Committee  
From: Hans Kabat, President of Cargill Protein North America  
Re: Written Testimony in Support of House Bill 2110 – Allowing single sales factor apportionment of business income for certain taxpayers  
Date: January 31, 2023

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Chairman Smith and members of the House Taxation Committee, Cargill appreciates the opportunity to offer written testimony in support of House Bill 2110.

Founded in 1865, Cargill's 155,000 employees across 70 countries work to achieve our purpose of nourishing the world in a safe, responsible, and sustainable way. Every day, we connect farmers with markets, customers with ingredients, and people and animals with the food they need to thrive. We connect producers and users of grains and oilseeds around the globe through origination, trading, processing, and distribution, as well as offering a range of farmer services and risk management solutions. Some of the many products we produce for our customers are cocoa and chocolate, beef, turkeys, corn sweeteners, ethanol, biodiesel, food grade salt and water softener salt, and deicing salt. We produce animal feed and premix to feed beef cattle, dairy cattle, swine, and poultry. Our aquaculture business feeds salmon, shrimp, and tilapia.

For decades, Cargill has had deep roots and operations here in Kansas, where today we employ 4,600. In Kansas, our businesses include:

- Several grain elevators including Atchison, Hutchinson, Salina, Topeka, WaKeeney
- Animal feed plants in Kansas City, and Emporia
- Salt evaporation in Hutchinson
- Office center in Olathe, which houses 150 support personnel
- Beef processing in Dodge City that employs over 2,500
- Biodiesel facility in Wichita

Additionally, I'm most proud of my office in the state. Cargill's \$70 million, 188,000 square-foot headquarters for Cargill's North American Protein is a state-of-the-art office center that brings our team of 1,100 employees together in downtown Wichita.

Cargill is proud of our work in Kansas, and excited about growth and opportunities to invest in the state. We strongly support House Bill 2110 that would allow certain taxpayers to elect single-sales factor (SSF) apportionment. Adopting an elective, SSF-apportionment formula will make Kansas a more attractive place for businesses to expand their property and payroll in Kansas. If the property and payroll factors are ignored in calculating Kansas's corporate tax, corporations can hire employees and/or build a plant in Kansas without incurring any additional corporate profits tax.

The argument in favor of changing to an elective, sales-only apportionment formula can be encompassed in a single word: **Jobs**. The single sales factor formula will encourage companies to create substantial numbers of new, high-paying jobs — particularly manufacturing jobs — in Kansas. By allowing for an election to change from a property-payroll-sales formula to a sales-only formula, Kansas removes a disincentive for expansion and job creation in the state by multistate businesses. By removing property and payroll factors from the apportionment formula, Kansas prevents a tax increase on corporations hiring additional workers and/or investing in property in the state. Additionally, Kansas's adoption of a sales-only formula creates positive economic development incentives, making Kansas a more attractive location for new or expanded facilities that are expected to export most of their output to nationwide or worldwide markets once they go on-line.

Enacting SSF is also a competitive issue for Kansas. Except for Oklahoma, all the states near and around Kansas have SSF – Nebraska, Missouri, Iowa, Colorado, Arkansas, Texas, Illinois, Minnesota. Additionally, New Mexico and North Dakota allow SSF elections. Cargill urges you to pass HB 2110, which will stop Kansas from becoming an outlier compared to how other surrounding states have chosen not to raise taxes on companies that chose to invest and hire in their states.

Thank you for allowing Cargill to offer testimony in support of House Bill 2110. Cargill respectfully requests that the Committee pass the bill out favorably. Final enactment of House Bill 2110 will improve Kansas's tax climate by not penalizing companies who chose to invest and hire in the state