



Kansas Grain and Feed Association

March 6, 2024

To: House Committee on Taxation
From: Randy Stookey, Senior Vice President & General Counsel
Re: **Proponent Written Testimony on House Bill 2798, allowing single sales factor apportionment of business income for certain taxpayers.**

Chairman Smith and members of the committee, thank you for the opportunity to provide testimony in support of House Bill 2798. This testimony is submitted on behalf of the Kansas Grain and Feed Association (KGFA).

KGFA is the state association of the grain receiving, storage, processing and shipping industry in Kansas. KGFA's membership represents 99% of the commercially licensed grain storage in the state.

Across Kansas, our member grain elevators receive, store, treat, market, and transport hundreds of millions of bushels of Kansas-grown grain every year. These facilities provide gainful employment for thousands of Kansans, contribute greatly to the Kansas economy, and annually pay millions of dollars in property taxes to help support schools and local government.

The ability of our members to operate a competitive or profitable business is often determined by the amount of fixed costs they must pay, such as taxes. Grain elevators that operate in multiple states are required to apportion their net income across those taxing jurisdictions for purposes of calculating corporate income tax.

Currently, Kansas uses a three-factor system for apportioning income between states for corporate income tax purposes. House Bill 2798 would require corporate taxpayers to use a single-factor apportionment formula based on the amount of sales in the state. Apportionment of net income based on sales is a methodology used by many states in which our members conduct business.

The changes set forth in House Bill 2798 represent sound public tax policy for Kansas, and we stand in support of the measure.

Thank you for allowing us the opportunity to testify in support of House Bill 2798. We would respectfully request that the committee pass the bill out favorably.