

WESTERN KANSAS DEVELOPMENT ORGANIZATION

Written Testimony in Support of Senate Bill No. 326 Before the House Committee on Taxation March 16, 2022

Dear Chairman Smith and Honorable Members of the Committee:

I am pleased to submit written testimony today in support of Senate Bill No. 326. Western Kansas Development Organization is a consortium of six counties in southwestern Kansas (Grant, Gray, Haskell, Morton, Stanton and Stevens) formed for the purpose of promoting and preserving economic development activities and community assets, such as freight rail transportation.

An important part of economic development is a reliable and efficient transportation network, particularly rail transportation. Maintaining adequate freight rail transportation is vital in rural communities. Rail transportation services provide local businesses and grain producers with lower transportation cost and access to marketplaces, through the efficiency of freight rail transportation. Reliable rail service further benefits the State of Kansas and local communities because it lowers vehicle roadway traffic and reduces wear and tear on local roads and highways by cutting the distance driven by local producers as they transport crops to the facilities for access to distant domestic end users as well as markets around the world.

Western Kansas Development Organization successfully worked with the Kansas Department of Transportation and Cimarron Valley Railroad on a rehabilitation project in Southwest Kansas. When this rehabilitation project began, the short line was operating under severely reduced speeds with occasional derailments. Had we not formed this joint effort to rehabilitate this short line railroad, which was in declining condition, we fear that our access to rail transportation would have gone away. Today the Cimarron Valley Railroad operates at Class II speeds with little fear of derailment. Through this experience, we learned that our short line railroad operated on a thin margin and had limited financial resources available for ongoing track maintenance.

The intent of Senate Bill No. 326 is to permit short line railroads the benefit of a tax credit for improvements made to their facilities to preserve short line rail transportation. This tax credit leverages additional investment in our transportation infrastructure and has economic benefit by saving taxpayer funding for more expensive roadway and bridge improvements. More importantly it can save jobs in communities, like ours.

We support this legislation and encourage your favorable action. Thank you in advance for your consideration.

Sincerely,

Kevin Shapland
Chairman
Western Kansas Development Organization