



Kansas Grain & Feed Association  
Kansas Agribusiness Retailers Association  
Renew Kansas Biofuels Association

March 19, 2024

To: Senate Committee on Assessment and Taxation  
From: Randy Stookey, Senior Vice President of Government Affairs and General Counsel  
Re: **Neural Testimony with Concerns on Senate Bill 546, decreasing the corporate income tax rate, discontinuing tax credits of the high performance incentive program and payroll withholding tax benefits of the promoting employment across Kansas act and repealing certain unused tax credits**

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Chair Tyson and members of the Committee, thank you for the opportunity to testify on Senate Bill 546. This testimony is submitted jointly by the Kansas Grain and Feed Association (KGFA), Kansas Agribusiness Retailers Association (KARA), and Renew Kansas Biofuels Association.

KGFA is the state association of the grain receiving, storage, processing, and shipping industry in Kansas. Representing 99% of the commercially licensed grain storage in the state, KGFA membership exceeds 950 Kansas business locations. KARA is a state agribusiness trade association comprising more than 700 member companies that supply inputs to Kansas farmers. Renew Kansas is the trade association of the Kansas biofuels processing industry.

Our member grain elevators, biofuel processing plants, and agribusiness facilities contribute greatly to the Kansas economy. They provide gainful employment for thousands of Kansans across the state, and they pay millions of dollars in property taxes which help fund schools and local government services.

Senate Bill 546 would discontinue the tax credits of the high performance incentive program (HPIP) and the payroll withholding tax benefits of the promoting employment across Kansas (PEAK) act.

Many of our members have benefited from these economic development programs through new build projects or facility expansion projects. For that reason, our members support these programs and would like to see them retained.

We appreciate that Senate Bill 546 would lower the corporate tax rate from 4% to 3% in tax year 2025, and to 2.75% in tax year 2026. However, many of our members are not corporations, but rather are pass-through entities such as limited liability companies. While the bill would take away the benefits of future use of the HPIP and PEAK programs from LLCs, these entities would not receive the benefit of the lower corporate tax rate.

Our members would ask to continue dialogue with stakeholders on how the programs might be amended going forward, especially if doing so would provide space for lowering the tax rate for both corporations and pass through entities. Such changes might include amending the qualifications for the program or benefits of the program. In fact, there may be possible program changes that would allow even further savings for additional tax reductions.

Thank you for allowing us the opportunity to testify on Senate Bill 546. For the reasons stated, we would request that the legislature hold an interim hearing on the issue to discuss possible changes to these programs, to include how such changes might impact affected industries.