



## Association Of Ethanol Processors

**Date:** February 21, 2013

**To:** House Committee on Taxation

**From:** Randy E. Stookey, Vice President and General Counsel  
Kansas Association of Ethanol Processors (KAEP)

**Re:** Written Testimony in support of HB 2285, regarding the definition of commercial and industrial machinery and equipment

Good afternoon Chairman Carlson and members of the House Taxation Committee. I am Randy Stookey, Vice President and General Counsel for the Kansas Association of Ethanol Processors (KAEP). The KAEP is a state-wide trade association that represents the majority of ethanol processors in Kansas which together produce nearly 500 million gallons of ethanol annually. Kansas' ethanol processing facilities bring millions of dollars of revenue and economic development to Kansas communities.

KAEP supports the proposed change to K.S.A. 79-102, which amends the definition of "personal property" to include "commercial and industrial machinery and equipment. The bill also inserts a specific definition of "commercial and industrial machinery and equipment" in the statute. We concur with our fellow conferees who support the proposed language, as we believe this definition is critical to creating stability and consistency across the state in the classification of commercial and industrial machinery and equipment for property tax purposes.

The machinery and equipment used at our members' processing facilities are similar from one location to another. However, we have begun to experience discrepancies among taxing jurisdictions as to how this very similar machinery and equipment is classified for tax purposes. In order to remedy this growing inequity, we believe the best approach is to establish, in statute, a clear definition of machinery and equipment as guidance for all Kansas taxing authorities.

We believe HB 2285 is a common sense approach to tax policy that is consistent with the historic three-part Kansas test and embodies each of the concepts from the three-part test. Passage of HB 2285 will ensure consistency in property tax policy across the state, give sound guidance to local taxing authorities, and help to ensure both a level playing field and a fair market to operate in Kansas. Likewise, the language in HB 2285 will assist counties and local businesses in short and long term financial management and planning.

We appreciate the Property Valuation Division's willingness to work with us on this amendment. We thank this Committee for the opportunity to share our comments. Please feel free to contact me if you have any questions, at 785-220-5211.