



2440 E. Water Well Road  
Salina, Kansas 67401

Phone 785.823.5376  
Fax 785.823.8728  
[www.landinstitute.org](http://www.landinstitute.org)

Fred Iutzi, President

Cell 309-331-4841  
[iutzi@landinstitute.org](mailto:iutzi@landinstitute.org)

March 14, 2017

**Written testimony for Kansas House of Representatives Taxation Committee Hearing on  
HB 2381: Providing a sales tax exemption for The Land Institute**

*Mission of The Land Institute & positive impacts for Kansas*

Founded in 1976 in Salina, The Land Institute is working towards an agriculture that is sustainable over the long haul. Our primary research focus is an ambitious “moon shot” effort to breed grain and oilseed crops that are perennial (regrow from year to year without the need for replanting) and are suitable to grow in mixtures. Most of the conservation problems agriculture has wrestled with, historically and today – including soil erosion, loss of soil carbon, nutrient loss into ground and surface water, and expensive weed control problems – are unique to the annual plant species that we use as grain and oilseed crops. In contrast, ecosystems based on perennial vegetation grown in mixtures (like native grasslands or permanent pasture) have dramatically lower negative impacts. We aim to combine the conservation advantages of a pasture with the food and feed productivity of a grain crop. And we are already well on the way.

Our most advanced crop, Kernza®, is a perennial that can be substituted for soft wheat in a wide range of food products and is in the pre-commercialization stage. General Mills recently announced plans to begin including Kernza grain at a low percentage in selected products. Our team of plant breeders is also working on perennial hard wheat, perennial grain sorghum, perennial sunflower, and perennial grain and oilseed legumes, and we sponsor work in China on perennial rice. To perform this work we employ eight PhD-level plant breeders, agronomists, and ecologists plus 20 research support and administrative staff. The Land Institute is a 501(c)(3) nonprofit organization funded primarily by individual charitable donations. Visit [landinstitute.org](http://landinstitute.org) for more info.

The positive impact of our mission on Kansas is simple: the long term research we are doing now will ensure that farmers in Kansas – and around the world – have the tools they need for the next chapter of agriculture. Agriculture is the basis of our economy and our civilization, and a sustainable, prosperous agriculture is a prerequisite for a sustainable, prosperous future for all Kansans and for people around the world.

*Benefits of our work to Kansas public institutions*

The manner in which we carry out our work directly benefits public institutions in Kansas, particularly the state universities. Over the last year alone, The Land Institute’s work has led to nearly \$230,000 in grants being directed to researchers at Kansas State University and the

University of Kansas from the Perennial Agriculture Project, a joint effort between The Land Institute and a philanthropic organization. Nearly \$600,000 in additional grants to KSU and KU are planned over the next two years. This expands on previous funding: from 2005 to 2015, over \$330,000 of direct Land Institute funding has flowed to these two universities. The Land Institute's research infrastructure and field sites and the expertise of our staff have also been leveraged in numerous faculty and graduate student research projects at KU, KSU, and other state universities. We ramped up this role in 2016 when the joint Perennial Agriculture Project opened a field research station outside Lawrence that will be heavily used by KU and other researchers. Finally, we provide frequent tours of our Salina research facility to K-12 and higher ed students and teachers and provide guest lectures and seminars on campuses around the state.

#### *Positive economic & jobs impacts of our operations*

The presence of The Land Institute has substantial positive direct and indirect economic impacts to the state and in the Salina community. The Land Institute has 27 full time, permanent positions (eight of which are PhD-level) in Salina, with an additional position in Lawrence, and employs additional part-time and seasonal workers. Most of these are well-paying STEM jobs that are needed in the region. Our FY2016 payroll was nearly \$1.7 million, not including benefits packages. We raise our overall annual \$4 million-plus operating budget money from charitable donors in all 50 states (and internationally), but we spend the bulk of it in Kansas.

#### *Strategic benefit of enacting a sales tax exemption in 2017 rather than waiting*

We are intent on continuing to expand and accelerate our efforts to develop perennial grain crops, based on increasing interest in our work from the public and from industry, and based on the necessity to find more decisive conservation solutions in agriculture. Last year we added an eighth PhD-level plant breeder position to our staff to being a perennial grain legume program, and we are in the process of hiring a research technician. Later in 2017 we hope to add a ninth PhD level position in crop protection, and an additional research technician. The success of these positions is bottlenecked right now based on lack of research greenhouse space, so we have drawn up plans for a new advanced greenhouse facility. Research infrastructure does not come cheap, and we are stretching to find a way to pay the estimated \$2.1 million price tag. A timely tax exemption that lops off the estimated \$180,000 of this total that is sales tax will put our fundraisers within striking distance of the finish line. Building this greenhouse in 2017 will ensure the retention of the two new legume breeding jobs in the Salina area, and ensure that creation of the two new crop protection jobs can proceed.

#### *Summary*

We estimate that the sales tax exemption in HB 2381 will provide The Land Institute a one-time savings of \$180,000 on the essential capital project described above in 2017, plus an annual savings of \$40,000 to \$50,000 on our overall taxable operational spending (based on FY2016 figures.) These are funds that will no longer flow into state and local government budgets. But we believe that by reinvesting these dollars in our mission and our operations we can effectively put them to work for Kansas – in the form of creation and retention of jobs, of economic impact to local economies, of leveraging our resources to increase the success of public agencies, and of helping ensure a sustainable, prosperous future for Kansas agriculture.