



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

March 12, 2018

To: House Committee on Taxation  
From: Randy Stookey, Senior Vice President & General Counsel  
RE: **Testimony in Opposition to House Bill 2661, providing for a 10% normal tax rate on certain corporate income.**

---

Chairman Johnson and members of the House Committee on Taxation, thank you for the opportunity to testify in opposition to House Bill 2661. This testimony is being submitted jointly by the Kansas Grain and Feed Association (KGFA), the Kansas Agribusiness Retailers Association (KARA), and Renew Kansas.

KGFA is the state association of the grain receiving, storage, processing and shipping industry in Kansas. KGFA's membership includes over 950 Kansas business locations and represents 99% of the commercially licensed grain storage in the state. KARA is a voluntary trade association that appreciates membership of over 700 agribusiness firms that supply fertilizers, crop protection products, seed, petroleum products, and agricultural services to Kansas farmers. Renew Kansas is the trade association of the Kansas ethanol processing industry.

The current, normal corporate income tax rate is 4%, and a surtax rate is 3% for corporate income above \$50,000. HB 2661 would create a two-bracket normal corporate income tax beginning in tax year 2018 and in all future tax years. As proposed, the normal corporate income tax rate would become 4% for income under \$1.0 million and 10% for income of \$1.0 million and over. It is proposed that HB 2661 would increase state tax revenues by \$117 million in FY 2019, \$119 million in FY 2020, and \$121 million in FY 2021.

In recent years, the Kansas legislature attempted to grow the state economy by encouraging businesses to relocate to Kansas. The goal of the legislature was to show that Kansas was "open for business" - a place with a favorable business climate and reasonable tax and regulatory policies. As taxes on businesses are increased, those businesses become less competitive and less profitable. They hire fewer employees and their economic impact on the local economy is reduced.

Agribusiness, by its very nature, is asset-heavy and immobile. Large equipment is used to store, transport and handle ag-inputs and commodities. Grain bins store grain grown close to their locations. Ethanol plants are located close to the land that produces the grain inputs. These businesses could not relocate out of state to avoid the bad tax policy proposed by HB 2661. The increased state revenues would create a direct negative impact to our members' ability to continue to do business in Kansas.

For the reasons stated above, our associations stand in opposition to House Bill 2661. We would respectfully request that the committee not work this bill or pass it out of committee. Thank you for allowing us to testify.