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Date: March 2, 2022

To: Representative Steven Johnson, Chairman, House Insurance and Pensions Committee

From: Shahira Stafford, Kansas Cooperative Council

**RE: Proponent Testimony on Senate Bill 335**

Mr. Chairman and Members of the Committee,

On behalf of the Kansas Cooperative Council (KCC), thank you for the opportunity to provide proponent testimony on Senate Bill 335. The KCC is a statewide association that works on behalf of all types of cooperatively structured businesses in Kansas. Some of the industries organized as cooperatives include agriculture, utility, financial, and insurance. Simply, cooperatives differ from other businesses because they are member-owned, member-controlled, democratically governed, and profits are returned to member-owners.

Many Kansas agricultural cooperatives are members of the self-insured health plan Agri-Business Benefit Group, Inc. (ABBG), a 501(c)(9) employee benefit trust, and the Agri-Business Benefit Plan under the Employee Retirement Income Security Act (ERISA).

ABBG was formed by cooperatives in 1983 to combat rising health care costs. Today, it provides prescription drug coverage, an HSA-compliant plan option, and optional dental coverage to 65 Kansas farmer-owned cooperatives. Over 6,000 cooperative employees and their dependents are covered by ABBG. The program's success is due in part to the cooperative principle "cooperation of every cooperative." Every cooperative employee and every dependent that participates with ABBG works to control health care costs for the group.

Cooperatives deeply value their employees and carry much of their healthcare insurance burden. Some co-ops cover employee health benefits at 100 percent, with many more covering a large percentage of the premiums. However, with the ever-rising general healthcare costs and premium increases, cooperatives are struggling to continue providing this important benefit.

SB 335 would eliminate the current one percent tax on premiums that Kansas agricultural cooperatives pay to the state of Kansas. ABBG is regulated at the federal level with zero regulatory oversight or service provided at the state level. This bill will help ease the burden of unnecessary costs being passed onto cooperatives and cooperative employees.

Thank you for the opportunity to provide comments in support of SB 335 today, and we ask that the committee pass this bill favorably as written.