

## TESTIMONY

To: Senate Assessment and Taxation Committee  
Senator Les Donovan, Chairman

From: Tim Stroda, President-CEO, Kansas Pork Association

Date: February 27, 2013

Re: SB 202 – Adding certain agricultural production NAICS subsectors to the definition of "qualified firm" for purposes of the high performance incentive program



Thank you, Mr. Chairman and members of the Committee. My name is Tim Stroda, and I appreciate the opportunity to provide testimony in support of SB 202 on behalf of the Kansas Pork Association. The Kansas Pork Association represents pork producers and allied industry members from across the state of Kansas.

SB 202 is attempting to resolve an issue created during the 2011 legislature relating to the HPIP statutes and the enterprise zone statutory framework. In 2011, the legislature altered the HPIP statutes while eliminating the portion of the enterprise zone statute that allowed for a sales tax exemption for certain qualifying expenses related to new construction that met specific job creation criteria when a business was expanding and creating more jobs. In doing so, agricultural companies who utilized the enterprise zone statutes were not included in the HPIP changes. This bill remedies this situation.

Agriculture is one of the most important economic drivers in Kansas. An agricultural firm expanding in Kansas should be able to receive the same tax treatment as manufacturing industries in Kansas when creating qualifying jobs through an expansion. It is important to remember that only projects that meet the criteria in the HPIP statutes will qualify for this incentive. This bill will provide an incentive for new firms to locate in Kansas. It will also create an incentive for existing entities to expand and grow; thus, the economy will grow.

In the past, the agricultural industry did not seek inclusion in HPIP because the enterprise zone statutes created the incentives needed for expansion. However, when the legislature eliminated those incentives in 2011, that important incentive was taken away and the need to be included in the HPIP statutory framework was created. As stated earlier, this bill attempts to remedy that situation.

I encourage you to vote favorably for passage of SB 202 to provide agricultural firms with the same incentives that are available to many other industries in the state of Kansas.

Please contact me if you have questions.

# Kansas Pork Industry Facts



## Pork farmers make Kansas better

1. There are about 1,500 hog farms in Kansas. Of these operations, 300 produce over 95% of the state's pork.
2. Kansas is the number 10 state in hog and pig inventory producing about 3.0 percent of the nation's total.
3. In 2012, Kansas producers sold 3,220,637 market hogs, feeder pigs and seedstock with a gross market value of \$560,499,256. These hogs produced over 500,000,000 pounds of pork which helps feed millions of people in the U.S. and abroad through exports.

## Pork industry important to Kansas economy

Kansas pork farms consume over 30 million bushels of grain. Primarily, these operations utilize Kansas-grown grain sorghum and corn. At January 2013 prices, the pork industry will spend over \$210,000,000 on grain sorghum and corn this year.

Kansas pork farms also consume the equivalent of over eight million bushels of soybeans through soybean products. At January 2013 prices, the pork industry will spend over \$112,000,000 on soybean meal this year.

Kansas pork farmers support suppliers of goods and services to their businesses. A short list of vendors includes:

- **Feed suppliers** - grain and nutritional supplements.
- **Construction** - includes new building and maintenance.
- **Labor** - as with any business, growth means increased labor needs.
- **Supplies** - pork producers utilize Main Street businesses for a vast array of items ranging from veterinary supplies to office supplies.
- **Equipment** - pork producers utilize specialty equipment for many tasks including nutrient management.
- **Utilities** - gas, propane and electric.
- **Trucking** - producers utilize trucking to bring grain to the farm as well as hauling hogs to market.
- **Services** - pork producers utilize many services along Main Street including financial, medical, accounting, legal, engineering, and veterinary.

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