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March 14, 2017

TO: Senate Committee on Transportation

FROM: Leslie Kaufman, President/CEO
Kansas Cooperative Council (KCC)

And on behalf of Randy Stookey, General Counsel
Kansas Grain and Feed Association (KGFA)
Kansas Agribusiness Retailers Association (KARA)

RE: Support for HB 2095 as amended – Increasing truck weights on non-interstates with the addition of a sixth axle

Chairman Petersen and members so the Senate Committee on Transportation, thank you for the opportunity to appear today in support of HB 2095 as amended. I am Leslie Kaufman, President/CEO of the Kansas Cooperative Council (KCC). We submit these comments on behalf of our members and the members of the Kansas Grain and Feed Association (KGFA) and Kansas Agribusiness Retailers Association (KARA). This statement is also supplemental to the joint comments Randy Stookey, KGFA/KARA is presenting on behalf of our combined associations.

The KCC represents all types of cooperative businesses in Kansas with members from various sectors including agriculture marketing and supply, utilities, financial and risk management co-ops. KGFA is a voluntary state association with a membership encompassing the entire spectrum of the grain receiving, storage, processing and shipping industry in Kansas. KGFA's membership includes over 950 Kansas business locations and represents 98% of the commercially licensed grain storage in the state. KARA is a voluntary trade association that appreciates membership of over 700 agribusiness firms that are that register for sale, supply or apply fertilizers, crop protection products, seed, and petroleum products; and, provide agronomic expertise, and agricultural services to Kansas farmers.

You will hear a variety of reasons from other proponents for supporting this measure such as cross-border competition for drivers, mitigating road damage by requiring the sixth axle, reducing the number of trip miles across roads, decreasing truck density and mitigating safety concerns through additional breaking capacity with the

sixth axle. But, the focus of my comments is rail access, or to be more specific, our members' lack of direct, on-site rail access.

For the vast majority of our co-op members, most of whom are also KGFA and/or KARA members, it is not a question of whether to ship by truck or by rail. They are not penciling out the costs of trucking vs. the cost of rail shipment. For most of our Kansas members, that decision has already been made for them because over 70 percent of our co-op upright grain storage facilities currently have no active rail service. Thus, it isn't even an option to go directly to the rail. But, what many do, and will continue to do, is truck to a rail load out facility.

We have attached two maps to our testimony which illustrate this point. To the best of our knowledge, there are 529 upright grain storage facilities affiliated with cooperatives operating in Kansas and those are reflected in red dots on the first map. It's important to note that one co-op may have several facilities, sometimes referred to as branches or locations, under their operational umbrella. A vast majority of the local ag and farm supply co-ops noted on this map will be KCC and KGFA and/or KARA members. If you look at the second map, the one depicting only the upright storage locations where "active" rail service is currently utilized, you see far fewer dots on that map (151 facilities). For purposes of our mapping survey, we defined "active" rail service as a location where grain or product was shipped into or out of the facility in the last two years

So, if your facility is not a dot on the second map, what do you do? You ship by truck. You may transport some to feed lots or some to ethanol plants, but much is trucked to a rail loadout facility. This may be one of your own stations, a unit train loader or a terminal. Thus, moving grain more efficiently by truck means the grain handling industry is moving grain more quickly and efficiently to rail. As evidence of this, our members have provided the following comments and allowed us to share it with you:

"We will ship to different points as determined by the current bid. We will ship directly into Wichita to the end user or to a feedlot or mill which are the end user. When not traveling over an interstate highway the additional weight would allow us to ship more grain more quickly. We will ship to a train loader and would ship faster with the increased weights." – Farmers Cooperative Elevator Co., Halstead, KS

"For years and years we tried to ship via rail and did not get service and or cars, grain or fertilizer. We wanted to do business and they didn't get us any of the above." – Farmers Coop Elevator of Garden Plain

The grain handling and rail shipping industries have changed over time. No longer do trains stop at each location. Together the industries have, in large part, moved to 100-plus car, high-speed, unit train loaders. And, to help our members get grain to the limited number of load out facilities, they need the reasonable increases contained in HB 2095 as amended.

As noted above, many of our members truck to the rail now and will continue trucking to the rail if HB 2095 passes. The increased weight limit on the additional axle will just allow them to move more grain, more quickly and more efficiently.

Technical amendments, which were requested by the Kansas Dept. of Transportation, were added to HB 2095 by the House Transportation Committee. We have no objection to those changes. We do not see where further amendment is needed. Our industry stores and hauls commodities on a year-round basis. Creating a "window" that prohibits hauling 90,000 pounds on six axles during part of a year would defeat the purpose of the bill. Although that might appear to be a "compromise" for some, we think it would essentially render the bill ineffective as too many carriers would be unwilling to invest in the retro-fit or purchase a new six-axle trailer if it could only be used part of the year (or not used at full capacity all year). We are concerned, too, with potential attempts to limit the bill to some type of "agriculture only" application. We have a diverse agricultural economy and attempts to "define in" what is an agriculture product might well overlook legitimate agriculture uses if not

defined properly.

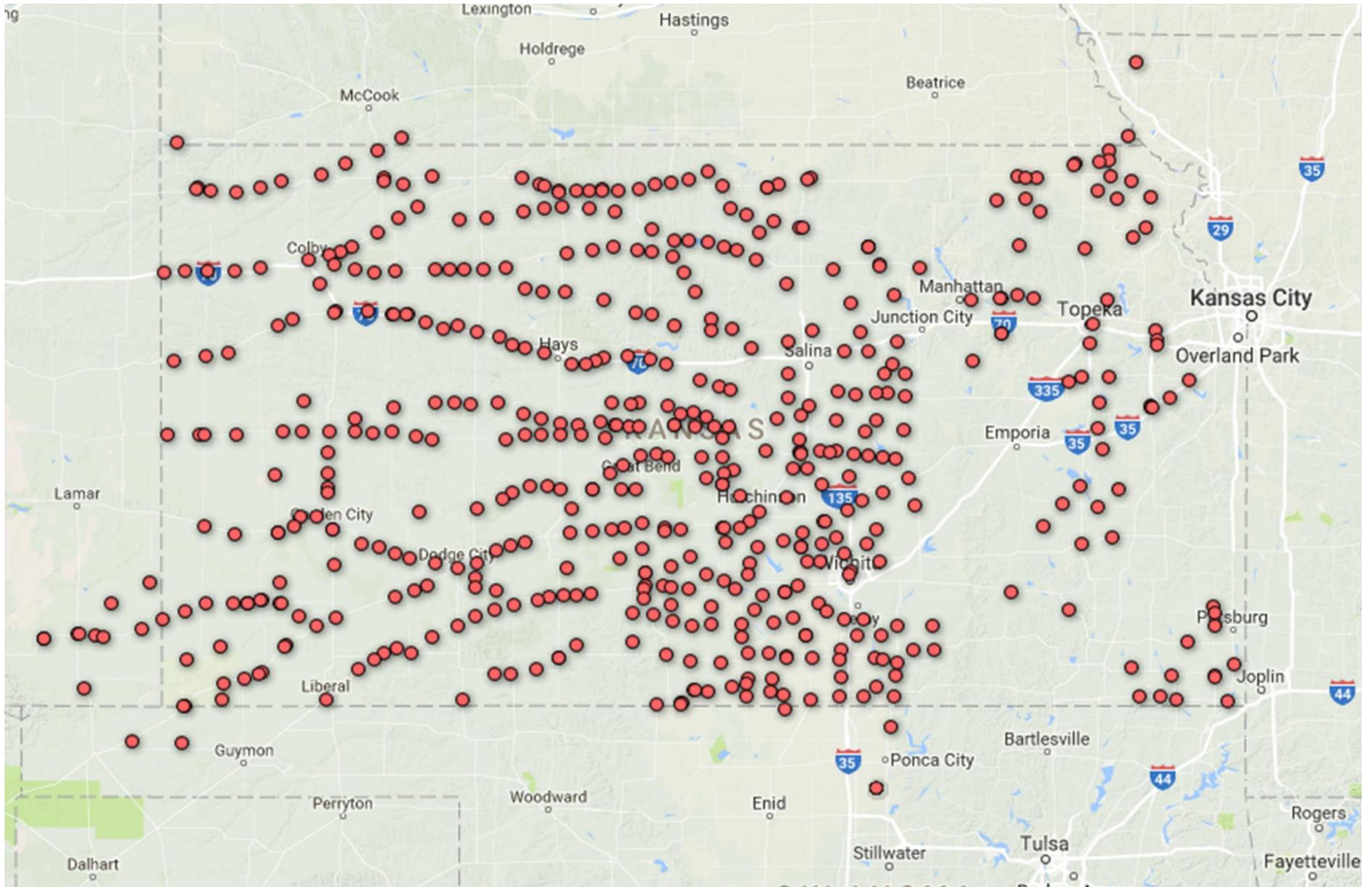
We whole-heartedly support HB 2095 as amended and we respectfully ask your committee to advance it favorably for passage without further amendment.

Thank you, again, for the opportunity to comment today. If you have questions for us, we will gladly stand for them at the appropriate time or you may contact at the numbers below.

Leslie Kaufman 785-220-4068

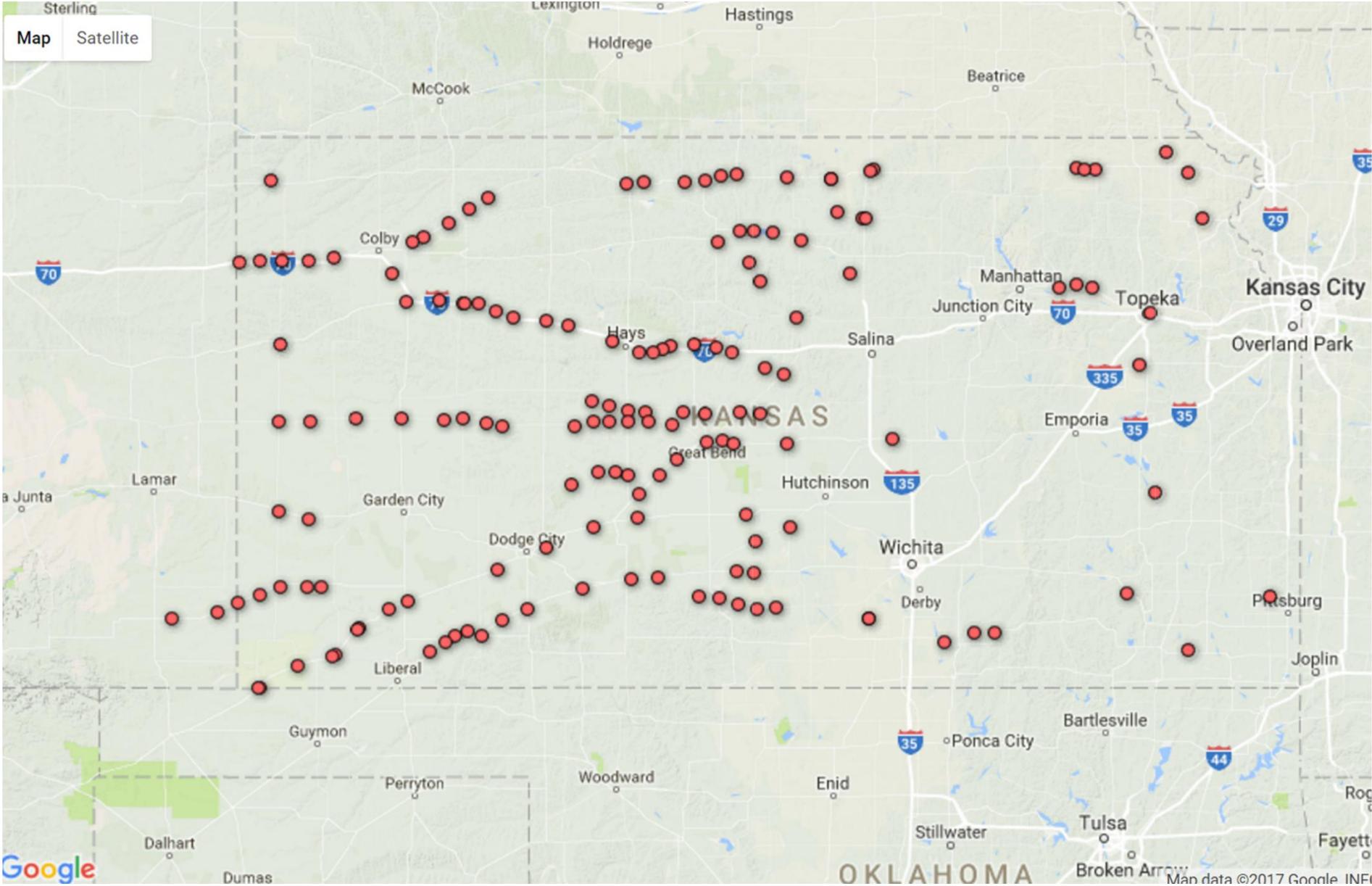
Randy Stookey 785-220-5211

GRAIN LOCATIONS TIED TO KANSAS CO-OPS



(529 LOCATIONS WITH 514,691,430 BUSHELS OF GRAIN STORAGE CAPACITY)

GRAIN LOCATIONS TIED TO KANSAS CO-OPS WITH ACTIVE RAIL SERVICE



(151 LOCATIONS WITH 205,451,803 BUSHELS OF GRAIN STORAGE CAPACITY)