

**House Committee on Taxation**  
**House Bill 2405- Angel Investor Tax Credit**  
**Presented by Eric Stafford, Vice President of Government Affairs**



**Wednesday, February 3, 2016**

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in support of House Bill 2405, extending the Angel Investor Tax Credit Program, which is set to expire this year, until 2021.

Kansas has been the center of national attention on the debate over tax policy since the income tax cuts from 2012. As we have stated before this committee in year's past, Kansas does a lot of things well. We rank among the best in the country for infrastructure, education, work comp costs, unemployment insurance tax structure, and legal climate.

One area where Kansas has lagged or ranked middle of the pack has been our tax policy, not only for existing companies but for new business/start-ups as well. Each year, we conduct an Annual Competitive Index (ACI) which measures a number of economic metrics to compare Kansas to our region and the nation.

This year, the economist with GrowthEconomics, Inc. who conducts the ACI shared these words: "In the case of Kansas I think we have noted in every one of the prior 11 ACIs that you rank mid-point or lower on scores of business dynamism/entrepreneurialism/small biz starts/failures – should be higher. I have always found this hard to explain because Kansans by culture are independent/free spirited/entrepreneurial. Whatever the reasons, I do suggest the Chamber make the innovation/entrepreneurial climate a greater focus going forward now that you are well on the way to being on top of the tax and legal/ regulatory climate issues."

While we maintain our commitment to eliminating income taxes through growth for our state, HB 2405 is a great first step toward focusing on the start-up and entrepreneurial climate in our state. This program allows for up to \$6 million in tax credits per year. According to the fiscal note on this bill, an average of only \$4.2 million has been utilized from 2008-2012, so there is room for growth. As an organization, we will look at other policy changes in addition to the Angel Investor program which will help foster a stronger climate for these businesses.

Thank you for the opportunity to testify in support of HB 2405 and I am happy to answer any questions.



*The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.*