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February 1, 2016

Chairman KleeB  
Kansas State Capitol, Room 185-N  
300 SW 10th St  
Topeka, KS 66612

Dear Chairman KleeB:

Thank you for your work thus far in the legislative session. My name is Chris Cheatham and I am CEO of ClaimKit Inc., a company that was awarded Angel Investment Tax Credits in 2014 and 2015. I wanted to take the time to weigh in on an issue of great importance to entrepreneurs in the State of Kansas, the extension of the Angel Investment Tax Credit. It is critically important that you support the passage of H.B. 2405.

Today, high-growth companies are creating a dynamic innovation economy, creating jobs and tax revenue that will impact our state for years to come. One of the necessities of building a high-growth company is that, at some point, most companies need to raise capital to keep their business growing at a fast pace. This is a process that isn't easy in Kansas—and it shouldn't be. Investors do their best to pick the most promising companies, and companies are constantly seeking to raise money from in- and out-of-state investors. The forces of the free market ultimately determine who does and doesn't get funding.

However, when Kansas companies compete not just locally but nationally for funding, we have to overcome the fact that in Kansas we have limited resources to aid in our development when compared with companies in Silicon Valley, Boston or Austin. In this equation, to make investing in Kansas companies more attractive, our ability to "sweeten the deal" with angel tax credits is an invaluable tool to make sure investors have an incentive to invest in local companies.

I can personally tell you that Kansas Angel Tax Credits played an important role in the ClaimKit fundraising events. Many angel investors often double their investment when tax credits become available. ClaimKit used tax credits to complete a successful angel round in 2014; we just recently completed a venture capital round in 2015 – these are the types of wins the State of Kansas needs. Otherwise, companies like mine will move out of the state to work with funders in other locations.

I urge you to vote in favor of H.B. 2405, extend the Angel Investment Tax Credit, and in doing so, help entrepreneurs like me create jobs for years to come. The future of our state depends on it.

Thank you,

Chris Cheatham, CEO  
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