



TESTIMONY: HOUSE BILL 2405
MATTHEW CONDON
VICE CHAIR, GREATER KANSAS CITY CHAMBER OF COMMERCE
CHAIR, BIG 5 INITIATIVE ON ENTREPRENEURSHIP

Chairman Kleeb and Members of the Committee:

I am writing today on behalf of the Greater Kansas City Chamber of Commerce to express our strong support of House Bill 2405 to extend the sunset of the Angel Investment Tax Credit from 2016 to 2021.

The angel tax credit program is an important tool for Kansas investors and early stage companies. The Angel Investment Tax Credit is a vital resource in generating jobs for small business in the Kansas City region and across the state and in turn supports economic growth so important to the state.

Over the last several years more than 30 Kansas House districts have had startups utilizing angel tax credits. This opportunity encourages early-stage companies to plant roots in Kansas and those roots lead to long-term growth for the local economy in which they and their employees reside. This program has already helped 298 companies raise more than \$342.9 million in capital, which has allowed the firms to create nearly 1,200 new jobs. For example, Mid-America Angels has invested more than \$16 million in early-stage companies. The vast majority of their investments have been in Kansas companies, and most of them have utilized Angel Investment Tax Credits.

The Kansas Angel Tax Credit has been a leading model for increasing angel investments and a beacon that tells investors Kansas is serious about supporting entrepreneurial growth and startups. Because the credits are transferable, the program encourages out-of-state investors to provide private capital to Kansas companies at a much higher rate than they otherwise would. The Chamber encourages Kansas policy-makers to continue to leverage this economic advantage for investors. The Angel Investment Tax Credit program is a great tool in the Kansas economic development toolbox and currently a model other states (approximately 20) have been implementing. It would be unfortunate for Kansas to lose such a valuable recruitment tool just as our competing states begin to replicate it.

Angel Investment Tax Credits also are a vital tool for organizations to use in mitigating the risk of early-stage investment. The existing tax credits make Kansas companies more attractive to investors—from Kansas or any other state. To lose this tax credit would be harmful to Kansas's active early-stage investment community and would impair a small business's ability to raise future capital.

The KC Chamber represents business leaders, entrepreneurs and investors who believe that continued deployment of the Angel Investment Tax Credit is essential to continued growth of our entrepreneurial ecosystem, thus promoting faster commercialization of innovations and helping create new jobs and future revenue for the state of Kansas. We urge you to give your support to this bill.

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