

Kansas Department of Commerce Testimony in support of HB2405

**Prepared for the House Taxation Committee
Room 218-N, The Statehouse
Feb. 3, 2016**

The Kansas Department of Commerce supports the passage of HB2405, which extends the sunset on the Angel Investment Tax Credit program.

The Angel Investment Tax Credit program helps remove barriers restricting access to capital. The program provides tax credits to qualified individuals who provide seed-capital financing for emerging Kansas businesses engaged in development, implementation and commercialization of innovative technologies, products and services.

From 2005-2014 (the tax year 2015 reporting period remains open), the angel investor program has had the following economic impact on the state:

- \$345 million capital raised.
- \$6.95 of capital for every \$1 issued in tax credits.
- Attracted \$36.85 million in out-of-state capital investment.
- Added or saved 1,584 direct jobs.
- Companies receiving credits reported \$297 million in revenue.

Angel tax credits differentiate Kansas from neighboring states, helping startups in our state gain a competitive advantage. The program has had a positive economic impact, generating strong returns on investment for Kansas. In addition to the direct capital raised, Commerce estimates that participating companies have had a total economic impact of \$484.4 million in the state based upon reported revenues.

	Direct	Indirect	Induced	Total
Employment	1,584	372	849	2,805
Output	\$297,000,000	\$63,603,618	\$123,751,248	\$484,354,866

Note: Multipliers below have been rounded. Subtotals and totals in the table above may not add due to rounding.

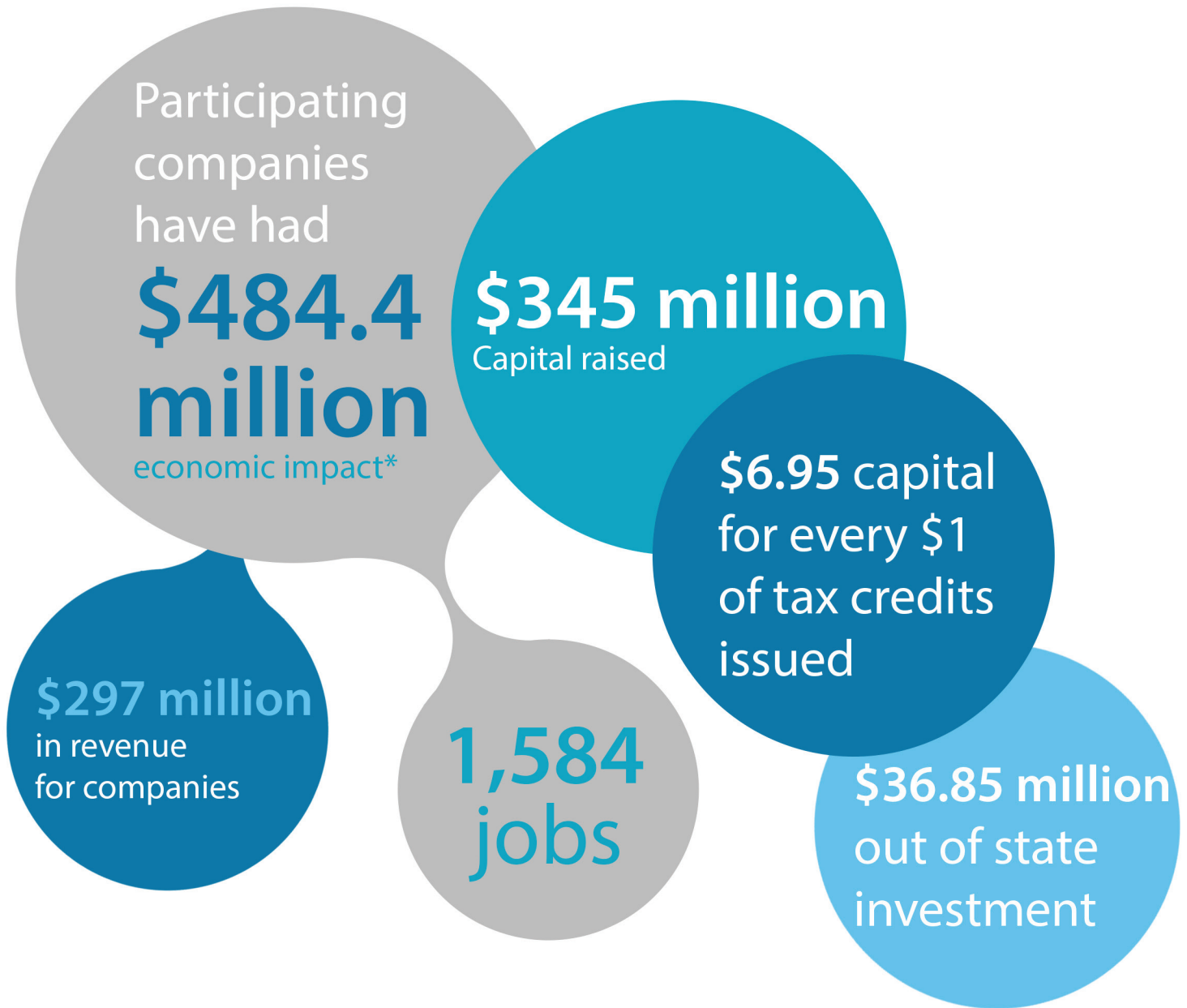
Indirect employment multiplier = 0.24, induced employment multiplier = 0.54.

Indirect output multiplier = 0.24, induced output multiplier = 0.54

All multipliers were obtained from Chmura Economics and are specific to the Professional, Scientific and Technical Services industry in Kansas.

ANGEL INVESTOR TAX CREDIT

Statistics for Tax Years 2005-2014



*Economic impact calculated based on reported revenues for companies receiving tax credits, and multipliers for the Professional, Scientific and Technical Services industries in Kansas.