Testimony to be presented by Wayne O. Carter, DVM, PhD, President and CEO of the Kansas City Area Life Sciences Institute:

I am pleased to testify in opposition to SB305 which would effectively eliminate the Kansas BioScience Authority. I am the President and CEO of the Kansas City Area Life Sciences Institute, Chair of BioKansas and a former executive and researcher at Hills Pet Nutrition, Pfizer and Bayer.

On Thursday, May 14th, Senator Jerry Moran in speaking to the US Senate, as a member of the Appropriations Subcommittee stated, "Biomedical research must be a national priority."

He went on to say, "It is extremely important that we prioritize programs that are effective in their service to the American people and demonstrate a significant return on investment. Congress should set priorities and focus our resources on initiatives with proven outcomes – no initiative meets these criteria better than biomedical research"

Senator Moran continued, "NIH research has raised life expectancy, improved quality of life and lowered overall healthcare cost and biomedical research is an economic engine that strengthens America's global competitiveness."

Senator Moran was talking about the necessity of NIH research and the importance of increasing NIH funding to meet our national needs.

It is important to appreciate that he was making these comments and asking for more dollars for the riskiest stage in the drug development process – Research.

After scientists at our research universities discovers these new drugs and drug targets, the research progresses through several stages until there is promise that a drug should be taken forward and either licensed to a company or a new company is formed to take a drug into other preclinical and eventually clinical trials. These later stages are not typically funded by NIH. This is where companies take the research and move forward into development.

The Kansas Bioscience Authority under Duane Cantrell's leadership is making careful investment decisions after a tremendous amount of basic research has already been completed and deciding if specific companies should receive funding – investments – to continue the drug development process.

Senator Moran was specifically addressing his comments last Thursday with consideration of the specific need for finding new treatments for Alzheimer's disease. Alzheimer's disease is a defining challenge of our generation.

Today, there are some breakthrough new therapeutic approaches for Alzheimer's disease and drugs being developed at the University of Kansas.

I would like to you imagine what would happen to those potential drugs being developed at KU or K-State without the opportunity of an investment by the KBA.

First, a potentially effective drug may never make it out of our universities and into the hands of a startup company.

Second, a company started in Kansas may seek funding needed to continue the drug development. Without the dollars in Kansas, that drug developed in Kansas and the company started in Kansas, may get funding from Missouri because they are ensuring dollars are available to fund companies by the Missouri Technology Corporation and they would have to move to Missouri to continue that funding.

Third, the company may move to the East coast or West coast as many companies have already done. Companies follow dollars – because they have to survive. If I have exhausted my opportunities in Kansas, but a venture capital firm in Boston will provide the money, they will generally say, "You can have the money, but you need to move your company to Boston where we will sit on your board and help you in the development of the drug."

And so – intellectual property that is developed by Kansas citizens, Kansas researchers in Kansas Universities, leaves the state of Kansas and with it the hope for jobs and tax revenue in the state of Kansas generated by those companies.

My organization, the Kansas City Area Life Sciences Institute has just completed a strategic assessment of the life sciences across our region. One of the significant weaknesses identified by the Deloitte Consulting firm is the access to capital.

So even with the current KBA funding, this is a significant weakness for our region and a threat for our future success.

For every $1000 of state GDP in 2013, venture capital firms in Massachusetts funded $7.18, in Washington $2.10, in Minnesota $1.05, in Kansas, where we have the Animal Health Corridor, where we will soon have the National Bio and Agro Defense Facility and where we have tremendous drug development assets, only 38 cents for every $1000 of state GDP is invested.

Eliminating the KBA will turn off the small trickle of dollars that are helping fund companies and attract venture capital firms to fund technologies developed in the state of Kansas. The companies will simply have to move to other states to fund their companies and Kansas will lose high paying jobs and tax revenues.