

Presentation to a Special Joint Meeting of:
Senate Assessment and Taxation Committee and House Taxation Committee

Art Hall, Center for Applied Economics, KU School of Business
January 12, 2012

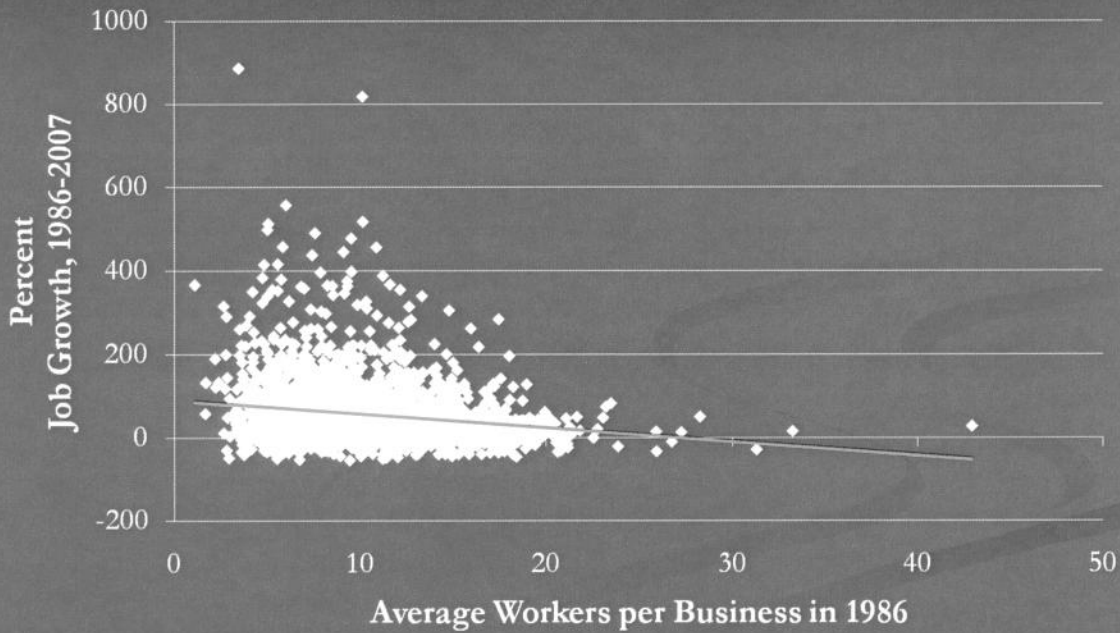
Every Business Matters



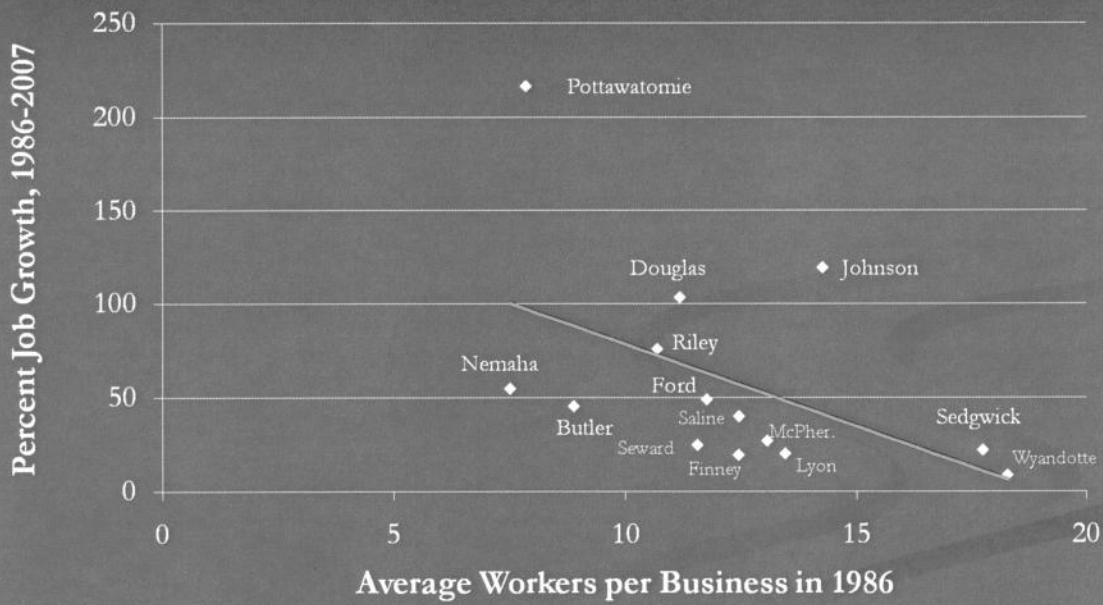
“The single most important contributor to a nation’s economic growth is the number of startups that grow to a billion dollars in revenue within 20 years.”

-- Carl Shramm, President, Kauffman Foundation

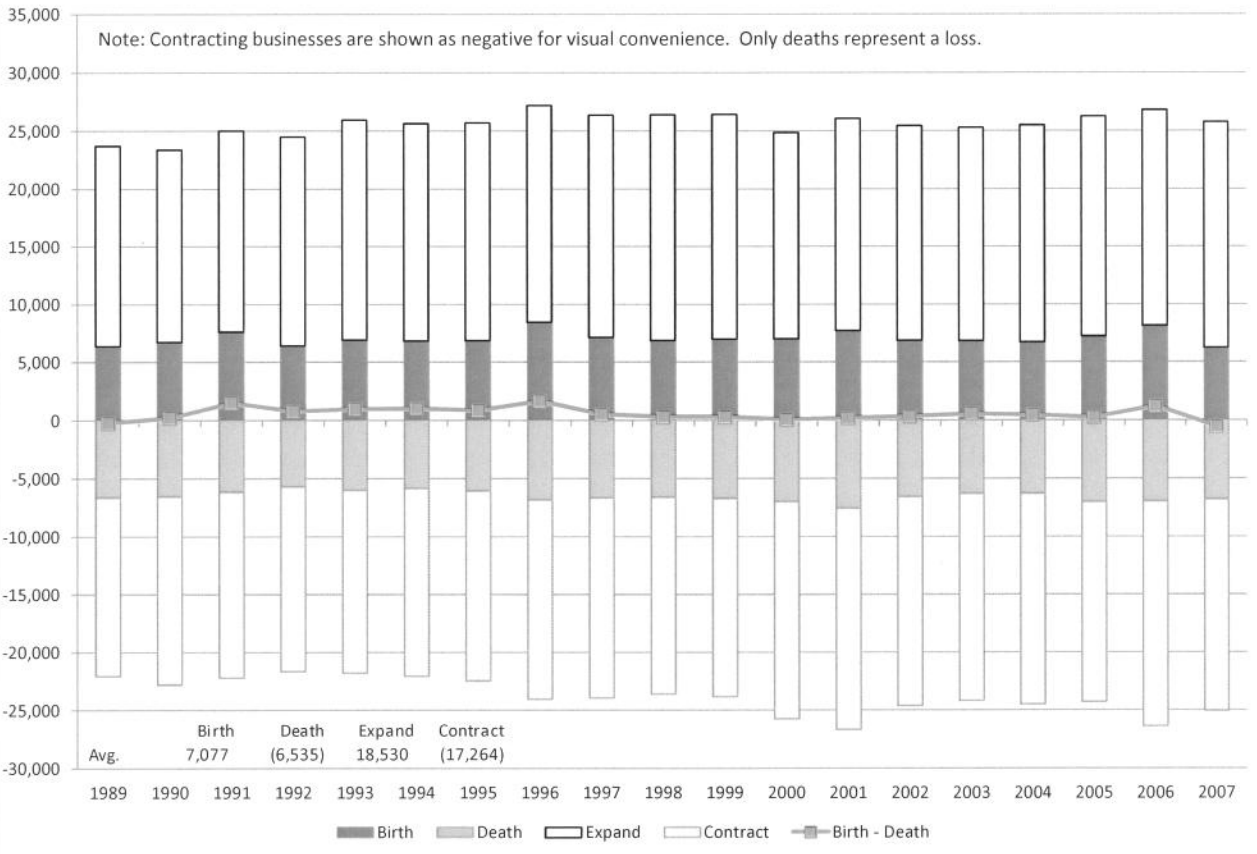
Smaller Firms, Faster Job Growth (Data for U.S. Counties)



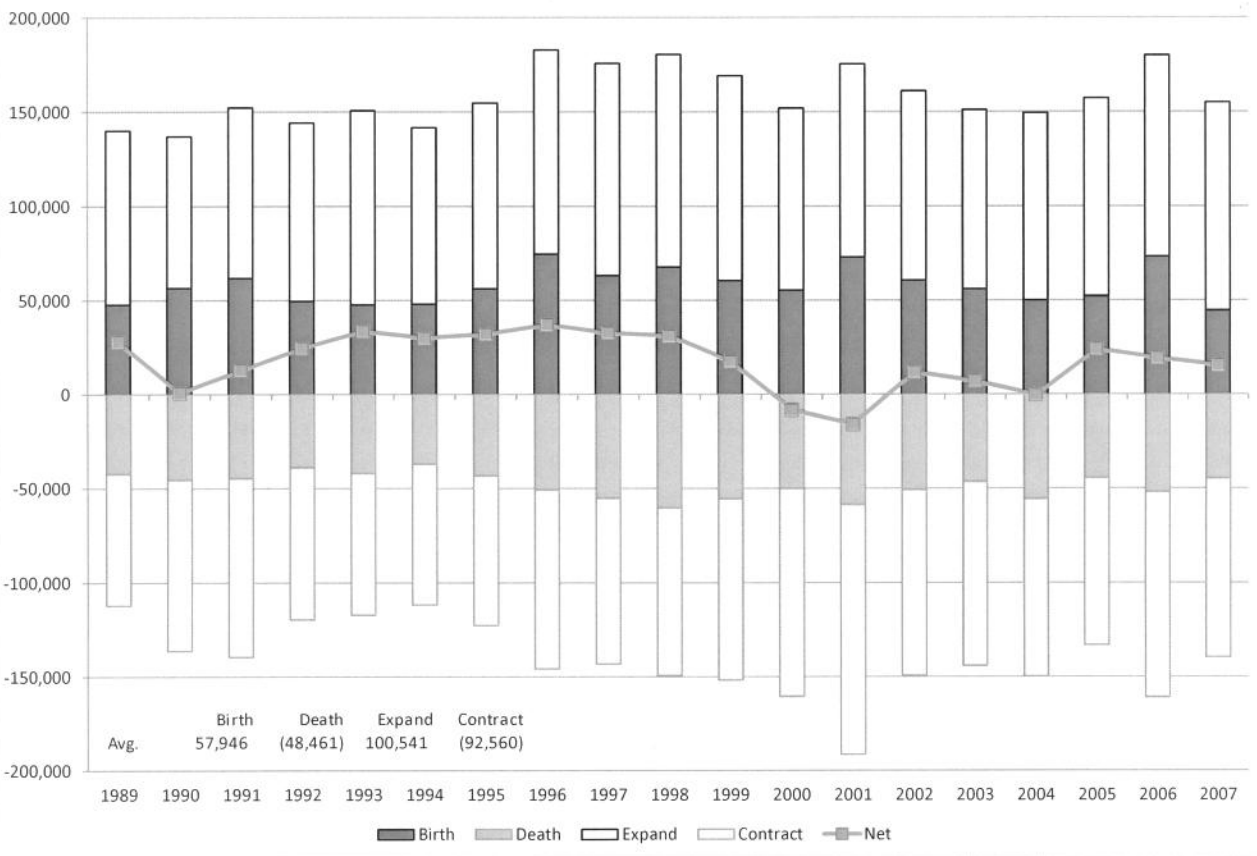
Pattern Generally Holds for KS



Business Establishment Dynamics in Kansas

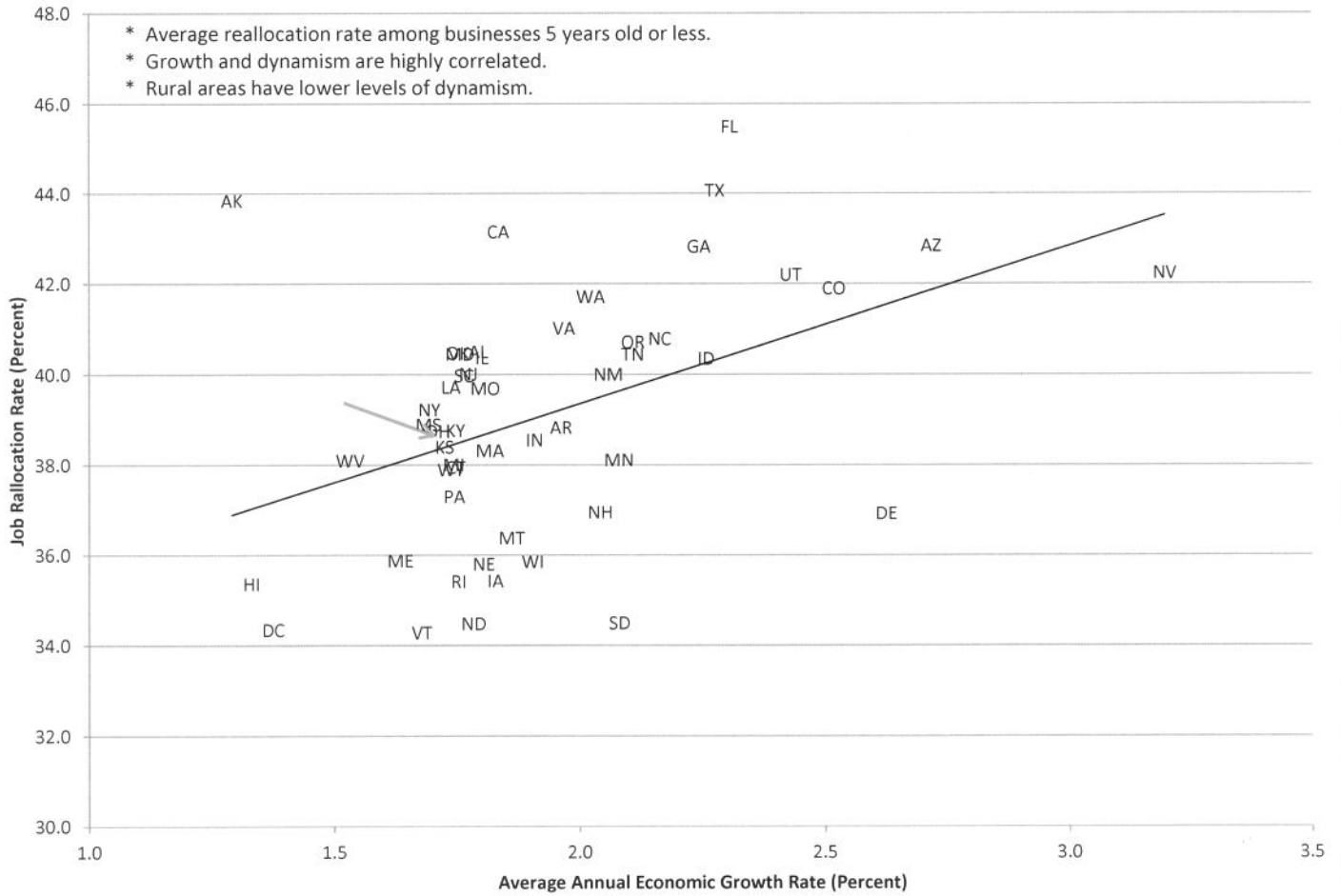


Job Dynamics in Kansas



Economic Growth Rate vs. Job Rallocation Rate, 1990-2005

- * Average reallocation rate among businesses 5 years old or less.
- * Growth and dynamism are highly correlated.
- * Rural areas have lower levels of dynamism.



Kansas Net Job Creation by Business Establishment by Age of Firm that Owns the Establishment

	Age of Firm in Years										26+	Left Censored	Total Net Job Creation	Net Job Creation without Age Zero
	0	1	2	3	4	5	6-10	11-15	16-20	21-25				
1977	62,303	0	0	0	0	0	0	0	0	0	0	-5,709	56,594	-5,709
1978	32,173	-21,808	0	0	0	0	0	0	0	0	0	8,704	19,069	-13,104
1979	29,584	-3,999	-1,378	0	0	0	0	0	0	0	0	21,161	45,368	15,784
1980	27,468	-3,382	-4,057	-2,263	0	0	0	0	0	0	0	-8,002	9,764	-17,704
1981	34,166	-1,765	-1,637	-2,380	-1,588	0	0	0	0	0	0	-8,955	17,841	-16,325
1982	27,794	-2,778	-2,837	-2,875	-2,776	-1,445	0	0	0	0	0	-25,605	-10,522	-38,316
1983	25,415	-3,313	-4,400	-2,891	-1,402	-1,234	-1,067	0	0	0	0	-54,496	-43,388	-68,803
1984	31,454	43	-1,286	2,366	-168	-100	-2,272	0	0	0	0	42,755	72,792	41,338
1985	29,734	388	-3,758	-1,075	-3,346	-1,397	-1,109	0	0	0	0	-26,398	-6,961	-36,695
1986	30,385	-3,951	-3,021	-2,659	-1,677	-355	-1,573	0	0	0	0	-6,097	11,052	-19,333
1987	32,653	-2,038	-2,842	-2,593	-842	-2,434	-5,746	0	0	0	0	-44,050	-27,892	-60,545
1988	27,183	-1,503	-300	-1,568	-1,255	-812	-1,248	1,521	0	0	0	4,453	26,471	-712
1989	25,257	-1,628	-2,893	-1,890	-1,757	381	-3,213	176	0	0	0	32,695	47,128	21,871
1990	27,141	1,791	-1,173	-2,244	-1,001	-1,629	-2,624	938	0	0	0	9,019	30,218	3,077
1991	24,336	835	-2,891	-1,805	-2,538	-1,399	-2,751	-2,906	0	0	0	-9,255	1,626	-22,710
1992	26,142	-1,275	-4,193	-920	-451	29	-5,835	428	0	0	0	-8,160	5,765	-20,377
1993	25,239	-1,175	-2,537	-1,203	-221	-2,309	-1,843	-616	696	0	0	-5,217	10,814	-14,425
1994	27,704	-689	-1,388	-444	1	-1,609	-517	425	1,271	0	0	3,887	28,641	937
1995	28,559	-208	-1,210	-959	-1,003	-135	-1,697	-296	604	0	0	6,117	29,772	1,213
1996	26,645	993	-1,487	-1,249	-488	401	-2,381	174	-1,404	0	0	8,654	29,858	3,213
1997	31,155	-1,270	-2,158	-1,147	-836	-1,632	-790	484	196	0	0	12,521	36,523	5,368
1998	34,435	943	-1,670	-2,464	-1,095	-617	-3,223	-3,629	-1,708	1,201	0	11,444	33,617	-818
1999	30,550	2,442	-637	-700	-1,309	533	-4,135	373	-224	-767	0	7,415	33,541	2,991
2000	30,559	-389	-169	-783	-646	-1,153	-1,264	-2,125	-278	-2	0	-3,394	20,356	-10,203
2001	25,964	-1,404	-4,140	-703	-3,588	-1,089	-5,170	-4,931	-4,842	-2,397	0	-14,417	-16,717	-42,681
2002	30,126	-1,287	-229	-1,433	-2,814	-750	-5,369	-2,426	-2,039	-4,037	0	-17,239	-7,497	-37,623
2003	27,891	-3,189	-2,232	-321	-432	265	-1,121	-1,094	-1,511	1,932	-88	3,226	23,326	-4,565
2004	26,274	-1,505	-3,420	-1,599	-811	-645	-461	-1,101	-1,913	-1,040	793	-8,884	5,688	-20,586
2005	28,377	-371	-1,109	-1,041	-1,306	-390	-3,030	-2,761	1,454	-1,407	2,177	-3,141	17,452	-10,925