February 1, 2016

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

ENTERPRISE CENTER
IN JOHNSON COUNTY

Dear Chairman Kleeb and Representatives:

As Marketing Director of the Enterprise Center in Johnson County and the Mid-America Angels investment network, I am writing to urge you to pass HB 2405, which would extend the sunset of the angel investment tax program.

The going isn't easy for an early-stage business trying to get off the ground in Kansas. Running a startup isn't easy and it shouldn't be, but in Kansas, early-stage businesses and startups fight more of an uphill battle. We lack the density and connected networks of Silicon Valley or Boston, but despite that, Kansas companies have a few unique benefits—one of those is the Angel Investment Tax Credit.

Since Mid-America Angels (the angel investment network that is managed by the ECJC) was founded in 2006, we have invested more than $19 million or private capital in early-stage deals, which have included some of the most notable exits and high-profile Kansas City startups in recent memory: Aratana Therapeutics, Rush Tracking Systems, Rhythm Engineering, EyeVerify, Rawxies, ClaimKit and Zave Networks to name only a few. The vast majority of our investments have been in Kansas companies, and most of them have utilized Angel Investment Tax Credits.

It's no secret that early-stage capital carries higher risk than your average small-cap mutual fund. That's why we do exhaustive due diligence to ensure that MAA investors are well-informed before making their investment decisions. Angel Investment Tax Credits are an essential tool for our angel network to use in mitigating the risk of early-stage investment. The existing tax credits also make Kansas companies more attractive to investors—from Kansas or any other state. It allows angel investors to leverage their real investment in a company—and in some cases, encourage investor to tolerate a bit more risk or make a larger investment than they normally would.

In the past decade, more than 20 states have implemented programs to attract or retain investment capital by way of income tax credits. ….state competition

For a decade, Kansas has been a national leader in the angel investment world—investors have grown our state's wealth and Kansas companies have benefitted. But the real winners have been Kansas taxpayers—companies benefitting from this program have had over a $738 million economic impact, created over 1,000 new jobs and preserved over 350 existing jobs. In short this credit has directly created jobs, better leveraged private dollars and helped startup companies secure the capital they need to accelerate into a hockey stick growth curve. To lose this tax credit would be devastating to our state's active early-stage investment community and would jeopardize the ability of Kansas companies to raise the capital they need to grow. Please support Kansas startups and investors by voting to pass HB 2405 and extend the sunset of the angel investment tax credit program.

Sincerely,

Melissa Roberts, Marketing Director, Enterprise Center in Johnson County & Mid-America Angels