MID AMERICA ANGELS

February 1, 2016

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

Dear Chairman Kleeb and Legislators:

As the Managing Director of the Mid-America Angels Investment Network, a Johnson-County based angel investment network that has provided $18 million of private capital to help local early-stage companies grow, we see angel investment deals every day. As active angel investors we are writing to urge you to approve HB 2405, which will extend the sunset of the Angel Investment Tax Credit. This incentive is a vital tool in helping early-stage businesses leverage the private investment they need to grow and create jobs. The elimination of this incentive would have a catastrophic impact on angel –level deal flow in our state.

Since these credits were put in place in 2005, they've helped 254 companies raise over $320 million in funding, a more than 7:1 return on the state's investment over that period of time. As investors who are active in risk capital, we'll tell you—if we could get a reasonable expectation of a 7x return on every investment we made, the ranks of active angel investors in the state would swell considerably!

Over the same period of time, companies that have taken advantage of the Angel Investment Tax Credit have generated over $162 million in payroll (ROI of 3:1) and revenue of over $256 million (ROI of nearly 6:1). **When you add up the total impact of this incentive on the Kansas economy, economic activity generated as a result of this investment has had a $738 million impact on our state, an overall ROI of nearly 17:1.**

This program has also proven to bring outside capital into our state—in 2013 alone, 134 out of state investors were issued 38% of the tax credits. This means that Kansas companies are using this incentive to bring new money into our state and using those funds to create jobs and grow revenues right here in Kansas.

We strongly urge you to extend the life of this vital tool for economic development in our state. Please vote to extend the sunset of the Angel Investment Tax Credit and pass HB 2405.

Sincerely,

Rick Vaughn

Rick Vaughn
Managing Director
Mid-America Angels
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