



BIOKANSAS
THE BIOSCIENCE NETWORK IN KANSAS

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Representative Marvin KleeB
Chair, Committee on Taxation
Kansas House of Representatives

RE: Support for House Bill 2405 – Extension of Kansas Angel Investment Tax Credit

Mr. Chairman and members of the Committee:

I am Dennis Ridenour, President & CEO of BioKansas, a non-profit trade association supporting the life sciences here in the state of Kansas. On behalf of our organization, our Board of Directors and our nearly 150 member companies, I am here to encourage the advancement of House Bill 2405, the extension of the Kansas Angel Investor Tax Credit Program ("AITC") through 2021, during this current legislative session.

I moved to the area in 2008, after my wife and I selected Kansas City due to the many opportunities available to me to work in the life sciences. I had lived in Boston before making the move to Kansas City, and I remember being blown away by some of the programs that were in place to support the growth of life science companies. These included the KBA and the Angel Tax Credit. I specifically remember researching if Massachusetts had anything remotely similar to these programs, and was amazed that Kansas was unique in having such progressive programs to generate growth of, and investment in, the life sciences.

Now, over the past 7 years since I moved here, I've watched the environment within the state become much less hospitable for these types of companies and investments, and I see the Angel Investor Tax Credit program as the last remnant of an impressive arsenal of economic development tools.

Since joining BioKansas in May of last year, I have heard numerous examples of the impact these tax incentives have had on luring businesses to Kansas, or more often, keeping businesses from leaving the state for more hospitable investment environments. You'll hear first-hand accounts of the impact of this program from several BioKansas member organizations today, and we've also submitted written testimonials from a number of members who couldn't make it to today's hearing. I'd also like to take a moment to tell you about IGXBio, a company commercializing a DNA immunotherapeutic, originally invented at KU, that can be used to treat HIV. Kansas Angel Tax Credits played a key role in the formation of the company, and specifically, the formation of the company in Kansas. Since those initial investments, IGXBio has gone on to raise more than \$1M in equity based capital, has worked with two Kansas-based companies to complete Investigational New Drug (IND) studies, and has received IND approval from the FDA, granting them the ability to perform human trials. According to their CEO, Jim Laufenberg, none of this would have been possible to do here in Kansas without these tax credits. So, as you can see, these incentives actually result in the creation of companies, jobs and investments in Kansas technology and IP.



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Additionally, a common theme I've heard, and one I think you'll also hear from other companies, is that these incentives don't just stimulate investment in Kansas companies, but they stimulate investment from investors OUTSIDE of the state. This is money that would likely be deployed anywhere but here, if it weren't for these incentives.

I'll conclude by just stressing the fact that the Kansas Angel Investor's Tax Credit program is really the last competitive advantage that Kansas has in trying to lure or retain high growth, capital intensive early stage and startup companies to set up shop in our state. Despite the budgetary woes and the loss of key economic incentives programs over the past few years, the life sciences industry still has a strong presence here in Kansas and still has a huge impact on the economy. It's not too late to save the Kansas Angel Investor's Tax Credit, and with it, the chance for Kansas to remain a viable option for these high growth companies to locate here. I ask that you vote in favor of House Bill 2405 and extend the Kansas Angel Investor's Tax Credit through 2021.

Thank you for your consideration of this matter, and please don't hesitate to reach out if you need more information.

Sincerely,

Dennis Ridenour
President & CEO, BioKansas