



**Kansas Senate Commerce Committee
Written Testimony in Support of HB2168
The Ad Astra Rural Jobs Act
Submitted by Rex Martin
On Behalf of the Rural Jobs Coalition
Tuesday, February 6, 2018**

Thank you, Chairperson Lynn and Members of the Senate Committee on Commerce for the opportunity to comment on HB2168. The Rural Jobs Coalition is a national organization based in Virginia, and we work with agricultural, agribusiness and rural based companies, organizations and individuals to support innovative policies to improve the economies and jobs in agricultural and rural regions of the country.

Last week, the US Department of Labor announced that the US labor market added 200,000 more jobs overall, wages rose at the highest pace in 8 years, and that all the evidence points to a consistently robust job market. Nationally, employment and the overall economy seems to be charging ahead. Unfortunately, the picture for rural areas of Kansas, and much of the rest of Rural America is somewhat different. A few weeks ago, the Center for Economic Research and Business Development at Wichita State University, within its annual Kansas business forecast report, announced that "Employment growth is expected to be lower than Kansas' average employment growth rate over the last five years, which has been 1 percent." Additionally, the report stated that "manufacturing employment has declined each year in Kansas since 2015 and remains over 25,000 jobs below the sector's peak in 2008." There are many reasons for rural sluggishness, but we believe one key critical area to address must be the severe lack of access to capital by small farms and businesses in the rural sector.

The economic and jobs situation nationwide in rural regions is similar to that of Kansas. The Rural Jobs Coalition commissioned a white paper on the "State of Rural Small Businesses and Access to Capital," (copies available) that found the following:

- Since the 2007 recession, there has been significant and continued overall and younger population loss from rural to urban
- Significant and continued loss of access to capital by rural small businesses
- Rural small businesses historically relied on community banks for capital but much of that source has vanished as a result of the federal Dodd-Frank legislation (the law was intended to address severe financial meltdown but ended up disproportionately helping urban small business access to capital over rural)
- Over 80 percent of all risk capital investments in the US are concentrated in five major metro clusters within five states (Kansas is not close to any of these states)
- Rural small businesses have little opportunity to expand and create more jobs since access to growth capital is very challenging

HB2168, the Ad Astra Rural Jobs Act, would provide significant enticements for small business growth and new job creation within the next five to ten years. The incentives that would be provided for new investments would be new and innovative, and the bill also provides much needed protections for Kansas taxpayers to ensure appropriate measures for such investments.

The Rural Jobs Coalition welcomes working with agricultural organizations in Kansas to help provide any information that legislators may need on the Ad Astra bill. Thank you again, Chairperson Lynn and members of the Senate Committee on Commerce, for your leadership on behalf of rural Kansas businesses.