

**Senate Committee on Commerce**

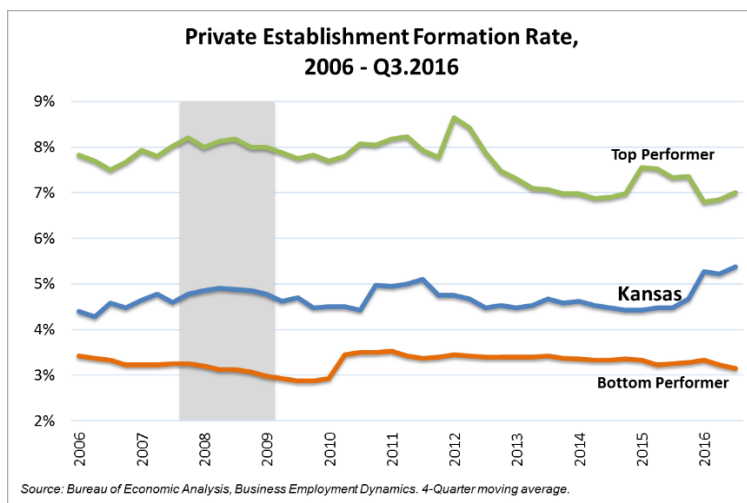
**Written Testimony in Support of House Bill 2168**

**Presented by Eric Stafford, Vice President of Government Affairs**

Tuesday, February 6, 2018

Madam Chair and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in support of House Bill 2168, establishing the ad astra rural jobs act.

Each year the Chamber commissions the firm GrowthEconomics, Inc. to release our Annual Competitive Index (ACI) where they study a number of economic index points to help us understand where Kansas ranks among the nation and our surrounding states. Our 2017 ACI included a special section focusing on the state’s entrepreneurial climate. Below is a chart from our most recent ACI regarding Kansas business formation, along with a summary on what the data shows.



**What’s it Mean?**

Kansas Business formation remained at a steady rate since the end of the recession except for a blip in 2010-2012. Beginning mid-2015 it presents a promising uptick that differs markedly from recent high and low performing states. The May, 2017 release of the Kauffman Index report corroborates: “Compared to itself in the previous year, Kansas’ entrepreneurial community is experiencing a slight increase in startup activity...” The Kauffman Index of Startup Activity reports 300 out of every 100,000 Kansans becoming entrepreneurs in a given month. Better performing nearby states are Colorado and Oklahoma. This is a bright spot of this report and deserves watching.

Additionally, the Executive Summary from our 2017 ACI states:

“Compared to itself in the previous year, Kansas’ entrepreneurial community is experiencing a slight increase in startup activity, a slight increase in main street entrepreneurship, and basically no changes in growth entrepreneurship.”

Entrepreneurial Score Card: The Score Card comprises three indexes: Entrepreneurial Climate, Entrepreneurial Change and Entrepreneurial Vitality. Long term Kansas has scored near the midpoint of all states for many years on all three indexes – no dramatic breakaway in either direction, while Kansas has been struggling to keep up with its surrounding states. There is an encouraging uptick in all three indices for Kansas in the latest annual (2015) data after a disappointing 2014. A gradual long-term uptrend in the Entrepreneurial Vitality index is sign of a healthy transformation toward becoming a more entrepreneurial state.

We asked for this focus in fall of 2017 because our 2016 ACI showed that our state had very weak historical numbers relative to business startups and entrepreneurial climate. Our organization has started to look at ways that Kansas can proactively help startup firms and build on existing programs such as the Angel Investor Tax Credit.

HB 2168 offers the ability for small businesses in rural parts of the state to gain access to capital through private, qualified investors. This bill is not limited to agriculture. Firms meeting the qualifications set forth in the bill would be eligible, whether it's a manufacturing firm or a tech firm. HB 2168 also contains claw back provisions allowing the Secretary of Commerce the ability to revoke credits if the investment firms do not fulfill their commitment. This bill would add another tool in the toolbox for new companies seeking access to capital and investors.

In closing, we are offering our support for House Bill 2168 to attract capital into our state for businesses who might not otherwise have access to those resources. We appreciate the opportunity to offer testimony in support of HB 2168.