



February 14, 2022

Written Testimony in Support of House Bill 2394

House Committee on Taxation
State Capitol
Topeka, KS 66612

Dear Chairman Smith and Members of the Committee,

On behalf of the nearly 800 business members of The Chamber of Lawrence, Kansas I would like to express our support for House Bill 2394, an act that would restore the research and development (R&D) tax credit to individuals, partnerships, S corporations, limited liability companies, and other pass-through entities. These R&D tax credits were removed in 2012 and then only restored for C corporations in 2017. Lawrence is home to several businesses that would like to see this incentive restored.

Most Kansas businesses are dealing with a painful economic slowdown caused by the coronavirus pandemic. R&D tax credits can be a very effective way for businesses to replenish valuable dollars spent on the development of new and innovative products and processes. Companies of all sizes that engage in qualified R&D activities can create immediate cash flow by reducing their current year tax liability on a dollar-for-dollar basis.

Technological innovation is the main driver of long-term economic growth and increases in living standards. R&D investments increase long-term GDP, raise wages, and create jobs. It is difficult to have ongoing innovation without significant investment in R&D. It is also important to keep the process of redeeming such credits simple enough to ensure that they are broadly accessible as this incentive makes Kansas more attractive for R&D investment. These tax credits are an excellent investment in our state's future.

For these reasons, we urge you to support House Bill 2394.

Respectfully,

A handwritten signature in blue ink that reads "Bonnie Lowe".

Bonnie Lowe, IOM
President & CEO