



WRITTEN TESTIMONY IN SUPPORT OF HOUSE BILL 2394
House Committee on Taxation
February 14, 2022

Mr. Chairman and Members of the Committee,

Thank you for the opportunity to provide testimony in support of HB 2394 on behalf of my employer PROSOCO, Inc. My name is Alex Boyer, and I am the Sustainability Specialist at PROSOCO. We are a fourth-generation family-owned specialty construction chemical manufacturer founded in Kansas City, Kansas, and currently headquartered in Lawrence.

PROSOCO is a small but nationally recognized manufacturer of products for the construction, maintenance, and renovation of new and existing buildings. We formulate and blend masonry cleaners, building envelope water barriers and concrete flooring finishes. Our reputation for quality products and support far exceeds our modest size of just over 100 employees. We maintain that reputation by constantly innovating, developing new products, and improving our current product catalogue for better performance.

We achieve this through our research and development activities. PROSOCO is unique among manufacturers of our size because we have a full laboratory on-site at our Lawrence facility. We are constantly taking feedback from the field, testing our products under unique conditions. This has come in very handy over the past two or so years when raw material shortages have interrupted our supply chain. Unlike many of our competitors, we were able to maintain our product availability because our laboratory was able to research and verify substitutions on the fly and ensure performance for our customers.

As an 80-year-old company, PROSOCO prides itself on making profitable and sustainable business decisions. In addition to new product development and performance research, we also use R&D to improve the sustainability of our processes and products. We stay up-to-date on the latest research nationwide so we always understand the impact of our products on the environment and human health, and seek out substitution opportunities to minimize that impact. It is because of this that PROSOCO products are used on many of the greenest buildings in America.

HB 2394 would give us the opportunity to continue and even expand R&D activities. Currently, the credit is 6.5 percent of the difference between the actual qualified research and development (R&D) expenses for the year and the average of the actual expenditures made during the year and the two previous tax years. Prior to 2012, PROSOCO was able to take advantage of the R&D tax credit. Beginning in tax year 2013, this credit is only available to certain corporations and PROSOCO was no longer eligible. This bill expands the eligibility to include PROSOCO and increases the credit amount to 10%.

House Bill 2394 will help PROSOCO appropriately invest its resources wisely in existing and new products to continue our growth and success in Kansas. **PROSOCO urges support and passage of House Bill 2394.**

Thank you for your consideration. I will be glad to stand for questions.

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ABOUT THE COMPANY:

PROSOCO (www.prosoco.com) is a national manufacturer of products for cleaning, protecting and maintaining concrete; making building envelopes air- and water-tight; and cleaning, protecting and restoring new and existing masonry buildings. We strive to provide innovative products and services that improve the appearance and performance of the built environment.