



HB 2394 Support

Written Testimony submitted to the
House Committee on Taxation

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Greater Topeka Chamber of Commerce

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Mr. Chairman and Members of the Committee:

The Greater Topeka Chamber of Commerce supports House Bill 2394 which increases the amount of the research and development tax credit, expands eligibility for the credit to all taxpayers, not just corporations, and allows for the one time transfer of the tax credits.

The Topeka Chamber is a partner organization of the Greater Topeka Partnership, a multi-faceted organization which guides our community's economic development activities and represents the voice of business in Topeka and Shawnee County. Our nearly 1,000 members are businesses dedicated to creating a more prosperous future for themselves and their community.

Topeka lies squarely within the Animal Health Corridor, a zone from Manhattan to Kansas City which is home to over 65% of the world's production of pet food and animal health products, is anchored by the National Bio and Agro-Defense Facility (NBAF) and is now the site of the global startup accelerator, Plug and Play's, center exclusively devoted to Animal Health. These factors create the potential for unprecedented economic dynamism and growth in the near future.

Innovation will be the key to unlocking the enormous potential within the Animal Health Corridor. As start-ups and their collaborative partners work to quickly bring new ideas to the market, they will spend heavily on research and development and those expenditures now will lead to more investment and new good-paying jobs over time. Thus, the State of Kansas will be making a good investment in the future by providing a tax credit to encourage those companies' research and development.

The Research and Development Tax Credit currently only applies to corporations, as a result of adjustments made when pass-through business entities were exempted from



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income tax in Kansas. As such entities are again subject to income tax, they should have the same access as their corporate counter-parts to this important credit. This is especially applicable to the small start-ups likely to fuel the coming economic boom whose organizational simplicity belies their scientific and technological sophistication.

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

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