

**Kansas Department of Commerce
Testimony on HB 2220, Incubator Business Bill
Trisha Purdon, Office of Rural Prosperity Director
at the Kansas Department of Commerce
House Committee on Taxation
February 16, 3:30pm
Room 346 S**

The Kansas Department of Commerce supports HB 2220 and requests that the House Committee on Taxation pass the bill favorably.

Helping spur small business and entrepreneurship growth in Kansas continues to be a top priority for the Department of Commerce. HB 2220 creates a mechanism to lower operation costs for small businesses and entrepreneurs. The purpose of this legislation is to decrease the cost of incubator operation and tenant expenses to encourage more business startups. Incubators owned by a city, county or nonprofit would be property tax exempt if the purpose of the space is to grow businesses and locate the business in Kansas after incubation. This will help support small business development especially in rural communities with vacant buildings and underutilized spaces. This program would help turn these underutilized buildings into thriving ecosystems for innovation.

Some key elements for you to consider as you work this legislation include:

- A publicly owned incubator is defined as a property under public ownership that would provide temporary tenancy to start-up entrepreneurs, microenterprises, new technology development entities, or commercial entities at below market rates for a term of five years or less.
- The incubator space would only be eligible for those tenants that have been in business for less than 5 years.
- The program would not include school buildings that are used for school classes for Pre-K through 12th grade.

In summary, the intent of the bill is to provide “temporary tenancy” that is exempt from all property taxes for the initial five years. After the five-year period, the tenant can remain in the space and begin to pay property taxes based on the square footage of the space being leased or move out of the space and allow the public entity to recruit a new business to utilize the incubator space. This legislation creates a new way to support small businesses, entrepreneurship, and economic growth across Kansas. I urge you to pass HB 2220.