

KANSAS BIOSCIENCE
AUTHORITY

Testimony in Support of Senate Bill 458 – “Kansas Works”

Senate Committee on Assessment and Taxation

March 12, 2012

Good morning. I am David Vranicar, Chief Executive Officer of the Kansas Bioscience Authority. I’m here to testify in support of Senate Bill 458 because we believe this biosciences proposal will help Kansas attract promising bioscience companies and further grow this strong sector of the state’s economy.

As you are aware, the Kansas Bioscience Authority was established in 2004 to help grow the bioscience sector as a pillar of the Kansas economy. The legislature recognized that Kansas has existing bioscience strengths to build upon and is well situated to take advantage of emerging opportunities in the biosciences. The KBA has been successful in building on that vision, and the Kansas Works proposal will add further momentum to the state’s bioscience industry.

The KBA receives \$35 million per year to invest in bioscience research and businesses, building wealth in Kansas by helping create high-paying jobs and stimulating private capital investments. The lasting result of these investments will be quality jobs here in Kansas for our children and grandchildren, and bioscience discoveries and therapies that improve lives in Kansas and around the world.

The bioscience authority offers a range of incentives to help attract, expand and grow the biosciences in Kansas. Senate Bill 458 would add another tool to the state’s already successful list of programs and put Kansas at the forefront of national efforts to build this promising sector.

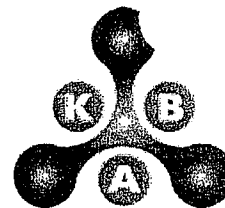
Our state is right to invest resources in the bioscience industry for many reasons.

First, Kansas has a strong foundation in the biosciences, including the human health and animal health sectors, as well as bioenergy, plant biology and biomaterials. From the nationally recognized University of Kansas School of Pharmacy to the selection of Kansas as home to the National Bio and Agro-Defense Facility to our agricultural leadership, Kansas is ripe for bioscience growth.

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In addition, bioscience is a high-growth industry. In fact, the U.S. Department of Labor projects the biosciences will be one of the fastest-growing sectors of the overall economy through 2018. According to the Batelle/BIO State Bioscience Initiatives Report of 2010, the U.S. bioscience industry grew four-and-a-half times faster than the overall private sector from 2001 to 2008. Bioscience employment increased even as the recession began in 2008 and U.S. private sector employment declined precipitously. Wages have also continued to rise, with bioscience workers earning 10% more than they did in 2001, compared to a 3% rise in wages for the overall private sector.

Finally, bioscience jobs are high-paying jobs. The average bioscience job created by KBA clients in Kansas pays \$68,716 per year. In sharp contrast, the average annual wage in Kansas is \$39,290.

The KBA's Expansion & Attraction program is designed to encourage existing bioscience companies to move to Kansas or to grow their operations that are already here. Through the KBA, Kansas has funded 26 such deals since 2004, resulting in 1,138 new jobs and \$78.2 million in new payroll to date—plus helping to attract more than \$31 million in equity investments from other sources. Giving these types of companies another incentive to choose Kansas puts the state in a tremendous position to attract more of these high-paying bioscience jobs, and it helps to build our reputation as one of the best places in the nation for bioscience research and industry.

Our focus on growing the biosciences has made Kansas the envy of other states across the nation. Colorado, Wisconsin, New York and Virginia have indicated they are emulating our efforts. Neighboring Missouri continues to work to refine and fund the Missouri Science and Innovation Reinvestment Act, or MOSIRA, which was modeled after the Kansas Economic Growth Act that created the KBA.

The Kansas business leaders who served on the Senate Tax Working Group have made a spot-on recommendation in designing this package to attract and retain jobs. Adding the Kansas Works Bioscience tax incentive for already-profitable bioscience companies to relocate to Kansas puts our policies and programs far ahead of the rest of the nation in building this exciting and promising sector of the economy. I urge you to support Senate Bill 458.