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HOUSE OF REPRESENTATIVES

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STEPHEN OWENS  
74TH DISTRICT

Chairman Sean Tarwater  
Commerce, Labor & Economic Development Committee  
Kansas House of Representatives  
Topeka, KS 66612

RE: **SUPPORT** of HB 2689 – Angel Tax Credit

Chairman Tarwater & Members of the Committee:

As a dedicated entrepreneur and angel investor, I come before you to rise in support of HB 2689. This bill stands to renew one of the very few authorized programs that have a direct impact on entrepreneurial start-ups in Kansas.

Investing in start-ups is very risky. It's a well-known fact that more than 90%<sup>1</sup> of start-ups fail. However, small businesses represent a substantial 62%<sup>2</sup> of all net new private sector jobs since the end of the Great Recession. Nationwide in 2015, 414,000 startups created 2.5 million new jobs, according to a 2017 U.S. Census report<sup>3</sup>. The Bureau of Labor Statistics<sup>4</sup> shows that 415,226 startups were created in 2017, leading to a gain of 1.7 million jobs.

**Kansas has 251,985<sup>5</sup> Small Businesses, which represents 99.1% of all Kansas Business's. They employ 606,966 employees. That means that 51% of all Kansas employees work for a small business.**

Small businesses are the backbone of the Kansas economy. The Angel Tax Credit provides an incentive for investors to take a risk in a Kansas start up's. It provides a mechanism by which Kansan's can invest in Kansas companies that innovate, create jobs and build the economy.

I encourage you to pass HB 2689 so together we can keep growing Kansas!

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<sup>1</sup> <https://medium.com/swlh/why-90-of-startups-fail-and-what-to-do-about-it-b0af17b65059>

<sup>2</sup> <https://www.inc.com/todd-mccracken/why-we-need-to-give-more-aid-not-less-to-small-businesses.html>

<sup>3</sup> <https://www.census.gov/newsroom/press-releases/2017/business-dynamics.html>

<sup>4</sup> <https://www.bls.gov/opub/ted/2017/job-gains-among-startup-firms-in-2017.htm>

<sup>5</sup> <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-KS.pdf>

# 2018 SMALL BUSINESS PROFILE

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### KANSAS



**251,985** Small Businesses  
**99.1%** of Kansas Businesses

**606,966** Small Business Employees  
**51.0%** of Kansas Employees



**EMPLOYMENT**  
**15,474**  
net new jobs



**DIVERSITY**  
**26,104**  
minority-owned  
businesses



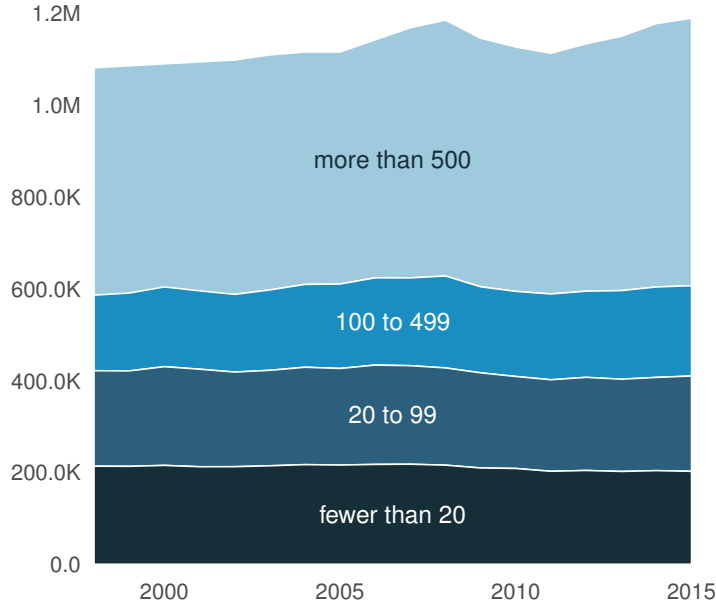
**TRADE**  
**2,682**  
small business  
exporters

### OVERALL KANSAS ECONOMY

- In the third quarter of 2017, Kansas grew at an annual rate of **2.1%**, which was slower than the overall US growth rate of **3.4%**. Kansas's 2016 growth rate of **-0.9%** was down from the 2015 rate of **1.1%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **3.5%**, down from **3.9%** in January 2017. This was below the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

### EMPLOYMENT

Figure 1: Kansas Employment by Business Size (Employees)



- Kansas small businesses employed **606,966** people, or **51.0%** of the private workforce, in 2015. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment increased **0.2%** during the 12-month period ending in January 2018. This was above the decrease of **0.6%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **1.6%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **15,474** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **6,757** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **3,737** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy. Each report incorporates the most up-to-date government data to present a unique snapshot of small businesses. Small businesses are defined for this profile as firms employing fewer than 500 employees. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2015 Statistics of US Businesses (SUSB), 2012 Survey of Business Owners (SBO), and 2015 International Trade Administration (ITA) data, respectively.