

**Kansas Department of Commerce
Testimony on HB 2618, Incubator Business Bill
Trisha Purdon, Office of Rural Prosperity Director
at the Kansas Department of Commerce
House Committee on Financial Institutions and Rural Development
March 7, 2022, 9:00 a.m.
Room 218 N**

The Kansas Department of Commerce supports HB 2618 and requests that the House Committee on Financial Institutions and Rural Development 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 2618 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 non-profit 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 and turn them into thriving ecosystems for small business development and innovation.

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

- Defining a publicly owned incubator as a property under public ownership that would provide temporary tenancy to start-up rural microentrepreneurs, microenterprises, new technology development entities, or commercial entities at below market rates for a term of five years or less.
- Ensure that the incubator is only eligible for those tenants that have been in business for less than 5 years.
- Limit incubators to counties with a population of 40,000 and cities with a population of less than 15,000.

In summary, the intent of the bill is to provide this “temporary tenancy” for the initial five years, and after which 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 establish a new business incubator space for a new business. This legislation creates a new way to support small businesses, entrepreneurship and rural Kansas. I urge you to pass HB 2618, the incubator bill with these considerations.