



The Honorable Karin Brownlee, Co-Chairperson  
The Honorable Nick Jordan, Co-Chairperson  
Commerce Committee, Kansas Senate  
300 SW 10<sup>th</sup> Ave., Room 136N  
Topeka, KS 66612

February 12, 2007

Dear Chairpersons Brownlee and Jordan,

As Chairman of the KC Animal Health Corridor Advisory Board, I am writing to communicate my strong support for SB 314.

The Kansas Angel Investor Tax Credit Program has proven to be a successful tool in stimulating early stage investments in Kansas start-up companies. Last year, KTEC authorized \$1.8 million in tax credits. Seventeen start-up companies utilized these tax credits. It would be interesting to hear the stories of each of these companies. I would not be surprised to find that many, if not most, would not exist today, or would not be in Kansas, without the help of the Angel Investor Tax Credit Program. Those of you on the Senate Commerce Committee who played a role in establishing the Angel Investor Tax Credit Program are to be commended for your vision.

The KC Animal Health Corridor's stated business goals included making companies in the area more successful, attracting new companies, and creating a proportionate increase in jobs. Start up animal health companies are an important component to our success. They will create new products and bring jobs and wealth to our state. Established companies in the region are interested in nurturing start up animal health companies for opportunities to partner on new product development, manufacturing agreements, and research ventures. Today's start up animal health company could be the next big Kansas animal health employer.

I am concerned that the current Angel Investor Tax Credit Program ends eligibility for bioscience companies to participate in the program before these companies have the opportunity to generate significant revenue or secure venture capital financing. Bioscience companies, including animal health, will generally need to raise money from angel investors for longer than five years. Therefore, the provision in SB 314 extending the time bioscience companies can be in operation and qualify for tax credits from five to ten years is a needed change.

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Other amendments to the Angel Investor Tax Credit in SB 314 are needed as well. Increasing the annual program cap from \$2 million to \$8 million will provide opportunities for more companies to participate in the program and allow KTEC to authorize more tax credits. Increasing the investors' individual tax credit cap for an investment in one company in any year from \$25,000 to \$50,000 will provide an incentive for investors to make larger investments in start up companies. I also encourage you to allow tax credits to flow to persons investing through certain business entities organized for purposes of investing in start up companies. Finally, the priority expressed in SB 314 for animal health companies sends a clear message to animal science entrepreneurs looking for a place to grow their business that they need to come to Kansas.

In summary, the amendments to the Angel Investor Tax Credit Program in SB 314 are needed to strengthen and expand a very important and successful program that helps attract seed capital to young Kansas companies. I urge you to vote in favor of SB 314.

Best regards,

A handwritten signature in black ink, appearing to read 'J. Ohle', is positioned to the left of a vertical red line.

Joerg Ohle  
Chairman, Advisory Board  
KC Animal Health Corridor