



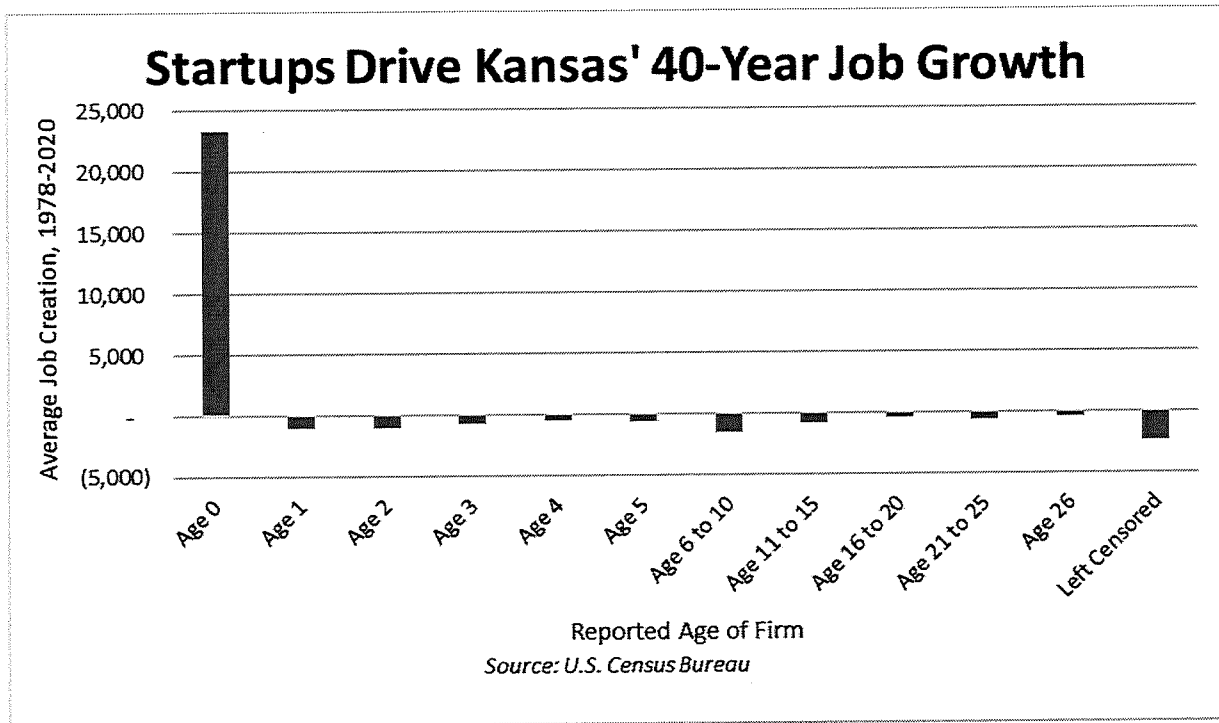
Chairman Tarwater and Members of the Committee,

On behalf of the Americans for Prosperity Kansas Chapter, we appreciate this opportunity to submit neutral testimony of HB 2123. HB 2123 establishing the office of entrepreneurship within the department of commerce, encouraging that 5% of state contracts and certain incentive funding go toward Kansas businesses that have been in operation for less than five years, encouraging the elimination of first-year business fees and requiring the office of entrepreneurship to submit an annual report to the legislature. We hold the following positions on HB 2123.

1. HB 2123 helps spur job creation.
2. HB 2123 potentially reverses declining startup presence in Kansas.
3. HB 2123 raises concerns of government favoritism.

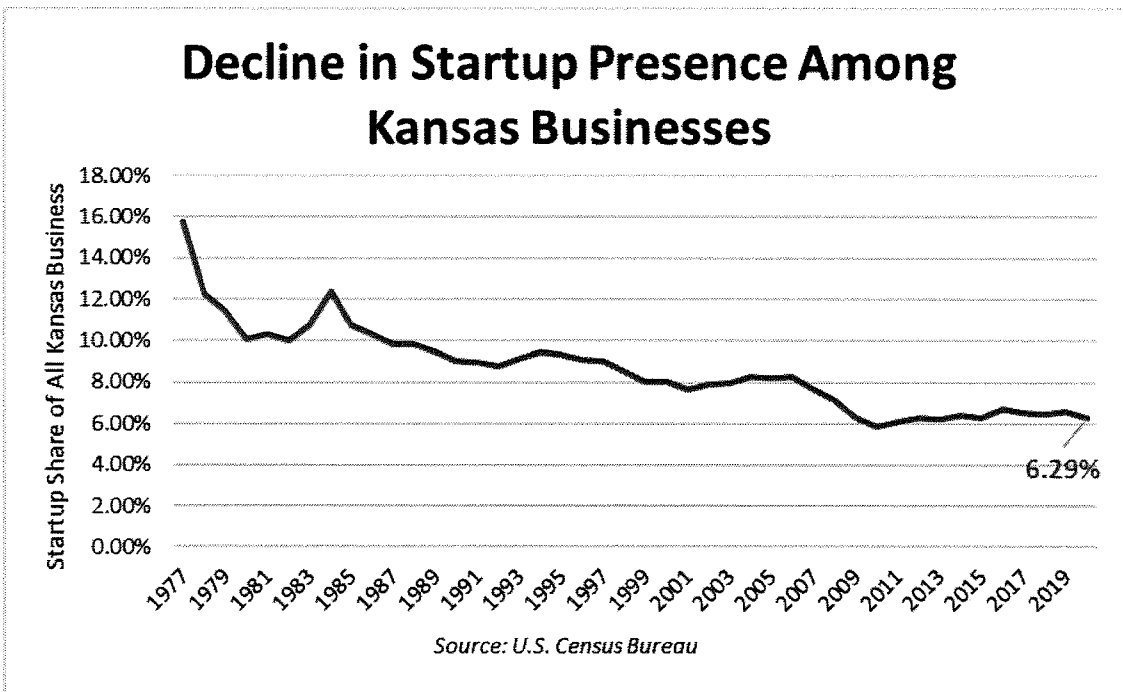
### **HB 2123 helps spur job creation**

Entrepreneurs play an integral role in the economic wellbeing of Kansas. Their presence speaks to a dynamism in the market, pushing down prices and accelerating job growth. For over 40 years, the job growth in Kansas is heavily concentrated in startup businesses.



### HB 2123 potentially reverses declining startup presence in Kansas

From 1978 to 2020, Kansas startup activity is taking a declining share of business activity. The startup presence was as high as 16% of all businesses in 1977 to 6.3% in 2020. HB 2123 eliminating first year business fees and coordinating with an office of entrepreneurship can potentially reverse this trend and increase startup activity.



### HB 2123 raises concerns of government favoritism.

When it comes to economic development, the government should act as a referee; leveling the playing field. HB 2123 diverting state contract and taxpayer funding to particular businesses, while well intentioned, violates this principle. Moreover, a successful economy is one where businesses of any size and age make profit from providing valued goods and services, not from a contract with taxpayer dollars.

For these reasons, we urge a consideration of HB 2123 in its current form.