

2/1/23

House Bill 2123 / Supporting Entrepreneurs and New, Young Kansas Companies.

Proponent and Supporter

Oral in-Person & Written Testimony

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New businesses create almost all net new jobs in the United States. Entrepreneurs create stronger communities, grow GDP, create homegrown jobs, increase community wealth, diversity goods and services, increase lifetime incomes, and fight inequality and poverty. Yet government processes and the system overall make it harder on them to start and grow with many barriers. This has contributed to a startup slump for decades in America. Young businesses create jobs, while older businesses shed jobs. This bill sets the path to remove obstacles that hinder entrepreneurship.

This legislation expands entrepreneurial opportunity for all while leveling the playing field for people to pursue their dreams. The Office of Entrepreneurship will concentrate on strengthening policies that lower barriers to entrepreneurs in the state across demographic segments and geographic areas. Additionally, it will be tasked with the important work of tracking data, metrics, and impact in the state for businesses under five years of age in the areas of government contracts, workforce development, and economic development.

Government contracts favor incumbent, established big businesses. They know how the process works and can weave through a complicated system. This hinders new businesses and job creation. One government contract can make a major difference on the trajectory of a young company's growth and offer real legitimacy for a newer business. In many cases they can and will do a better job than a larger, older business. Encouraging 5% of government procurement dollars and contracts to businesses under five years old will have minimal impact on older businesses, but a huge impact on new businesses.

Eliminating early fees and registration costs for new businesses is critical in a company's early years. The more money in an entrepreneur's pocket, the more opportunity they have to gain customers, create jobs, and scale their business. The average cost to start a new business in the U.S. is \$725. That's far more than Canada (\$166), UK (\$17), China (\$137), Denmark (\$110), Chile (\$16), Ireland (\$86), S. Korea (\$46), Brazil (\$212). Kansas should be encouraging people to start and grow new businesses and reducing these barriers is important to that mission. Over half of Americans live paycheck to paycheck. Barriers to starting are real, add up quickly, and discourage entrepreneurship.

The Right to Start Act is a pro-growth measure, which will remove barriers to starting, advance homegrown job creation, and build a stronger connection between entrepreneurs and state government.