

# Ending Kansas angel credit may hurt Google effort, lawyer says

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Break out the confetti, Missouri.

If Kansas Gov. [Sam Brownback](#)'s proposal to cut the angel tax credit program goes through, the Sunflower State no longer would have the upper hand in incentive discussions among technology startups, said attorney [Greg Kratofil](#) of **Polsinelli Shughart PC** in Kansas City.

Kratofil said that eliminating angel tax credits could unravel entrepreneurial activity around the highly anticipated arrival of **Google Inc.**'s network.

"It seems very counter to having a billion-dollar investment in your area — and you take away something that helps fund those innovations and those ideas," Kratofil said.

Kratofil, who represents tech-focused startups, also performed legal work for Google when it sized up the community for its ultra-fast Internet network. Announced in the spring, the 1-gigabit network is supposed to go live sometime this year in Kansas City, Mo., and Kansas City, Kan.

The project begat a slew of community committees and initiatives charged with making the most of Google's presence. The local business community has been looking at how to make the Kansas Cities a friendly environment for a potential onslaught of new tech companies.

Kratofil has been working on a partnership with local governments to provide Google-attracted startups financial resources and support. The potential elimination of the angel tax credit program puts this partnership into jeopardy, Kratofil said.

"This is going to be a huge blow to the development and innovation we can do around the Google project," Kratofil said. "Missouri ought to be dancing in the streets about this. With the Kansas angel tax credit, it was practically legal malpractice to set up a technology firm on the Missouri side because they all need money, and if they need money, the Kansas angel tax credit is the best vehicle to grow your business. Now (Brownback) is just about to hand tech companies to the KCMO side."

Multiple Missouri economic development organizations have placed a tax credit program similar to the Kansas angel credit on their legislative priorities lists for 2012, though incentive discussions have tied up the Missouri Legislature in recent years.

Brownback's proposal to nix the Kansas Technology Enterprise Corp., which previously administered angel tax credits, was successful in 2011, but politicians emphasized that the tax credit program would remain under the administration of the Department of Commerce.