

SB 246 - Income Tax Angel Investor Program - Testi

Uploaded by: Fry, Donald

Position: FAV



POSITION STATEMENT

TESTIMONY PRESENTED TO THE SENATE BUDGET & TAXATION COMMITTEE

SENATE BILL 246 – Income Tax – Angel Investor Tax Credit Program

Sponsor: Senators Hester, Feldman, and Peters

January 21, 2021

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

Position: Support

The Greater Baltimore Committee (GBC) supports Senate Bill 246, which authorizes a tax credit against the State income tax for 50% of an investment made in a qualified innovation business, not to exceed \$50,000, or \$100,000 for a qualified investor that is a married couple filing jointly or a pass-through entity; provided that the qualified investor meets certain eligibility requirements.

According to the Maryland Economic Development Commission’s 2020 report on Maryland business climate, Maryland has displayed a clear and present multiyear trend of lagging behind the United States as a whole in multiple business metrics. Even more concerning is the low ratings Maryland has received for support for small businesses. Maryland ranked 43rd in Small Business Tax Climate in 2020 according to the Tax Foundation 2021, 40th in Entrepreneur-friendly States in 2019 according to the Small Business Policy Index, and had the 8th highest state and local taxes per capita. This is not conducive to an environment where small and minority owned businesses can thrive; a crucial component to positioning Maryland to compete in the United States economy alone, much less the global economy.

With the current Covid-19 pandemic, targeted economic policy and regulatory solutions to accelerate the recovery of and promote the development of small businesses are crucial. The Greater Baltimore Committee believes the Angel Investor Tax Credit program is an important step toward that goal. This bill would provide tax incentives to “Angel Investors” who invest their own funds in early stage ventures in Maryland. The funding for the tax credit would be provided by the Angel Investor Tax Credit Reserve Fund, an allocation of the annual state budget set aside for that purpose.

The importance of this specific bill is that its flexibility allows it to maximize the business sectors where it can have a positive impact. While there are important and successful programs that target industry-specific sectors such as biotechnology or cybersecurity, which the Greater Baltimore Committee (GBC) strongly supports, there are no current incentives that are viable across a broad range of industries, an investment gap which this bill could help remedy. The Organization for Economic Cooperation and Development reported that “angel investors” tended to invest in a wider wage of innovation than traditional venture capitalists. As the United States has transitioned from an industrial economy to a tech-based economy over the past several decades, the growth of new industries is a crucial component in maintaining a healthy economy and preventing stagnation. Incentivizing investment in a broad range of fields minimizes the chance of passively curtailing development in any single field, especially when that industry could prove crucial to Maryland’s economic health at a later date.

GREATER BALTIMORE COMMITTEE

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This bill also provides protections against monies being allocated to companies which the bill was not intended to serve. This legislation is very targeted; a “qualified business” for the purposes of this bill is defined as having its HQs and base of operations in Maryland, has fewer than 35 full time employees, is a privately owned business, and has been operating for less than 10 years. Any qualified business that received an “angel investment” would be required to report yearly information to the Maryland Department of Commerce. Small businesses will be the direct beneficiaries of these investments and have the most to gain from this legislation.

This type of legislation comes with precedent; across the country “Angel Investors” have been an economic benefit for many states. A study published in the Small Business Institute Journal noted that 29 states implemented angel investment tax credit programs between 1997 and 2011 and had analyzable data available. Of those 29 states, 22 experienced an increase in entrepreneurial activity within the first two years of the program. Eight of those states implemented their program during a slowdown in the national economy and still managed to demonstrate an increase in entrepreneurial activity. As this pandemic has illustrated, legislation that is effective in both times of crisis and stability is imperative to keeping Marylanders economically and socially secure.

Senate Bill 246 is consistent with the Greater Baltimore Committee’s [2021 Legislative Priorities](#) which include provisions to position Maryland to compete in the global economy, advocate for policy aimed to accelerating economic recovery with an emphasis on small and minority business, and champion policies that strengthen competitiveness and job creation.

For these reasons, the Greater Baltimore Committee urges a favorable report on Senate Bill 246.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 66-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

SB 246_Income Tax - Angel Investor Tax Credit Prog

Uploaded by: Griffin, Andrew

Position: FAV



MARYLAND
Chamber of Commerce

LEGISLATIVE POSITION:

Favorable

Senate Bill 246

Income Tax – Angel Investor Tax Credit Program

Senate Budget & Taxation Committee

Thursday, January 21, 2021

Dear Chairman Guzzone and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees, and families. Part of that work includes support for sustainable solutions that drive Maryland's future economy, including education, talent pipeline, innovation, and economic diversity.

SB 246 seeks to provide tax incentives to "Angel Investors" who invest in early-stage ventures in Maryland. By doing this, SB 246 will incentive the much-needed early-stage funding that startup companies need to grow their businesses, create jobs, and enhance our state's economy. SB 246 is designed to encourage investment in startups in those industries that are vital to Maryland's future economic success including health care, cyber-security and other niche tech areas. The Maryland Chamber of Commerce supports any effort to encourage business development in our state, particularly to those getting off the ground and choosing to locate in our state.

Furthermore, COVID-19 has had a tremendous, detrimental impact on Maryland's economy. The Comptroller's Office has estimated that approximately 30,000 businesses have either closed or will close permanently due to the pandemic. As a means of economic recovery, SB 246 is a great step toward helping replace some of the permanent job loss Maryland's economy has experienced.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **Favorable Report** on **SB 246**.

MDCHAMBER.ORG

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MDGA_SenatorHester_FAV_SB246.docx.pdf

Uploaded by: Hester, Katie

Position: FAV

KATIE FRY HESTER
Legislative District 9
Carroll and Howard Counties

Education, Health, and
Environmental Affairs Committee

Chair, Joint Committee on
Cybersecurity, Information Technology
and Biotechnology



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Sponsor Testimony In Support of SB246 - Income Tax - Angel Investor Tax Credit Program

January 21st, 2021

Good afternoon Chair Guzzone, Vice-Chair Rosapepe, and members of the Senate Budget and Taxation Committee

I am pleased to present Senate Bill 246. This straightforward bill encourages qualifying investors to invest in qualified “innovation businesses” throughout Maryland, by providing a nonrefundable tax credit to prospective angel investors. This tax credit is equal to 50% of the qualified investment by approved investors to qualified innovative businesses, not to exceed \$50,000 for an individual or \$100,000 for married couples filing jointly or for pass-through entities.

The Baltimore-Washington area receives more federal research funding than almost anywhere else in the country. Unfortunately, our region also ranks close to the bottom in terms of available seed funding to grow businesses receiving those Federal research dollars. As a result, many businesses within the State of Maryland receive funding from the federal government, and subsequently leave the State in search of funding at critical stages of business development. In Baltimore alone, [nearly 30 percent of companies launched at some of the city’s incubators leave to find the starting capital they require.](#)

The future strength of Maryland’s economy depends, in large part, on our ability to attract and retain new talent in tech, healthcare, cybersecurity, clean energy, and other innovative industries. Additionally, providing incentives for investments in Maryland companies participating in these innovative industries offers the potential for significant financial return and benefit for the people of Maryland. In 2015, startup firms less than 5 years old [created 2.5 million new jobs](#) throughout the United States, including right here in Maryland. Entrepreneurs and innovative startups have a track record of creating jobs and supporting economic growth, but require the support to do so. In 2012, a [report from the Abell Foundation](#) identified early stage capital investment as one of the key ingredients in creating an entrepreneur friendly environment. The report made one very clear recommendation for our state: encourage early stage investment to expand entrepreneurial opportunities dramatically.

I am proud to say that in the intervening years, our State has made great strides in supporting early stage ventures and opening access to capital. However, the impact of the COVID-19 pandemic has not spared the startup community. Between March and June of last year, start-up companies saw a 44% decrease in VC investments, as compared to the same three-month period the year before. Experts predict that without robust local financing systems, many startups could close their doors or leave our state in search of the support they need to get through these extraordinary times.

This bill is an opportunity for our State to make a critical and cost-effective investment in our innovative small businesses, and make sure they continue to be critical members of our communities. An Angel Investor Tax Credit will help drive investment in small businesses around the State, make sure our economy stays strong and our small businesses flourish, and support a robust recovery from the COVID-19 pandemic for our small, innovative businesses. For that reason, **I respectfully request a favorable report for Senate Bill 246.**

Sincerely,

A handwritten signature in black ink that reads "Katie Fry Hester". The signature is written in a cursive, flowing style.

Senator Katie Fry Hester
Howard and Carroll Counties

SB 246 - angel investor tax credit - TEDCO.pdf

Uploaded by: LeMaile-Stovall, Troy

Position: FAV



TESTIMONY PRESENTED TO THE SENATE BUDGET AND TAXATION COMMITTEE

SENATE 246 – INCOME TAX - ANGEL INVESTOR TAX CREDIT PROGRAM

JANUARY 21, 2021

POSITION: SUPPORT

The Maryland Technology Development Corporation (TEDCO) was created by the Maryland General Assembly in 1998 and is dedicated to economic growth through the fostering of an inclusive entrepreneurial and innovation ecosystem. TEDCO discovers, invests in, and helps build great Maryland based technology companies.

Angel investors play a very important role in the entrepreneurial community by providing much needed early-stage funding to start-up companies. The Kauffman Foundation estimates that angel investors provide up to 90 percent of early-stage equity that is not provided by friends or family and tend to invest in a wider range of innovation than traditional venture capitalists.

According to the Angel Capital Association's 2020 Report on Angel Funders, angel portfolio companies leveraged their angel investments to raise \$2 billion in follow-on funding in 2019 – 7X their initial investment. The report also confirms that angel investors are most attracted to those types of industry in which Maryland excels: healthcare technology; eCommerce; green technology; and financial technology.

The idea of tax credits for angel investors is not unique. Many states across the country have angel investor tax credit programs, many with great success. There are several challenges associated with creating a successful technology start-up. Among those are the challenges associated with finding pre-seed and seed financing to get companies launched. An angel investor tax credit program will help to encourage additional investments in our companies, which will enhance our state economic development efforts. Senate Bill 246 seeks to spur growth in Maryland's emerging industries by creating a tax credit that can be broadly used to invest in many kinds of innovative and growing businesses. **For these reasons, TEDCO urges a favorable report on Senate Bill 246.**

Troy LeMaile-Stovall
CEO/Executive Director

Senate Bill B0246-Angel Investor Tax Credit Progra

Uploaded by: Matthews, Dakota

Position: FAV



John Hartline, Chairman

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Charlotte Davis, Executive Director

Testimony in Support of
Support SB 246 - Income Tax - Angel Investor Tax Credit Program
Before Budget and Taxation Committee
January 21, 2021

The Rural Maryland Council **supports** SB 246 – Income Tax – Angel Investor Tax Credit Program. This bill creates a nonrefundable tax credit against the State income tax for investors who make qualified investments in Maryland innovation businesses. The credit is equal to 50% of the qualified investment, not to exceed \$50,000 for an individual or \$100,000 for married couples that file a joint return or a pass-through entity. The taxpayer can carry forward any unused credit for up to four succeeding tax years. The total amount of tax credit certificates issued by the Department of Commerce (Commerce) in each fiscal year cannot exceed the amount appropriated to the reserve fund in the State budget. The General Assembly’s intent is that the Governor appropriate at least \$5.0 million to the reserve fund in each year and that any money not expended within the fiscal year, roll over into the next fiscal year.

In 2017, the Rural Maryland Foundation partnered with the Center for Rural Entrepreneurship to conduct a Transfer of Wealth Study (TOW). The Center for Rural Entrepreneurship’s 2017 Transfer of Wealth Opportunity Analysis for the Rural Maryland Region has produced the following findings:

- 2016 Household Current Net Worth - \$530 Billion
- 10-year (2017-2026) TOW Opportunity - \$64 Billion
- 50-year (2017-2066) TOW Opportunity - \$703 Billion

Acting aggressively on the 10-year TOW opportunity and achieving a five percent giving goal, the State and its communities would realize the following:

- 10-Year Opportunity – \$64.1 Billion Transferring between 2017-2026
- 5% Giving Goal Realized – \$3.2 Billion in New Community Endowments
- 5% Sustained Annual Payout – \$160 Million a year in Perpetual Grant Making

The Income Tax – Angel Investor Tax Credit will have a meaningful impact on the revitalization of small and emerging innovative businesses throughout the State and will offer a powerful incentive to strengthen local economies and increase employment opportunities in the hardest hit regions of Maryland.

The Council respectfully requests your favorable support of SB 246.

The RMC is an independent state agency that is governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county and municipal governments, as well as the for-profit and nonprofit sectors. Its mission is to bring together federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.

“A Collective Voice for Rural Maryland”

SB246 Angel Investment Tax Credit_FINAL.pdf

Uploaded by: McClarty, Leonardo

Position: FAV



6240 Old Dobbin Lane ■ Suite 110 ■ Columbia, MD 21045

January 18, 2021

The Honorable Paul Pinsky
Chair, Education Health and Environmental Affairs Committee
Maryland Senate
2 West Miller Senate Office Building
Annapolis, Maryland 21401

The Honorable Anne Kaiser
Chair, Ways and Means Committees
House of Delegates
House Office Building, Room 131
6 Bladen St., Annapolis, MD 21401

RE: SB246/HB360

Dear Senator Pinsky and Delegate Kaiser:

The Howard County Chamber (Chamber) is an organization dedicated to the advancement of a vibrant and thriving business community with a positive economic climate. To help achieve these goals, we look for public policies that attract new businesses and talent to our communities. To advance Maryland's economy it is vital for us to be an appealing market to industries such as tech, health care, cyber security, clean energy, and other niche areas. Unfortunately, despite receiving more federal research funding than most States, Maryland ranks close to the bottom in the availability of seed funding. In short, we are behind other States in having the ready capital available for entrepreneurs to grow their business which in turn creates more jobs and strengthen our state economic development efforts.

To combat the lack of availability in seed funding, we need to provide critical early-stage capital for startup companies and a tax credit to investors who provide the capital to the innovative startup companies headquartered in Maryland. The SB246/HB360 will provide tax incentives to "Angel Investors" who invest their own funds in early-stage ventures.

Passing SB246/HB 360 will create an Angel Investor Tax Credit Reserve Fund consisting of money appropriated in the State Budget annually out of which the tax credit shall be paid. It will provide a tax credit for investments made in qualified businesses: defined as a company that

has its HQs and base of operations in Maryland, has fewer than 35 full-time employees, is not public, and has been in business fewer than 10 years. It will require the State Treasurer to hold the Reserve Fund and a qualified business receiving an “angel investment” to report yearly information to the Department of Commerce. In return this will help create jobs and generate additional revenue for our state and assist to place Maryland on par with other states for its support of early-stage investors and startup companies.

As an advocate for businesses, the Chamber is constantly looking for opportunities and policies that will keep Maryland attractive to businesses. By having more seed funding available to new startups by giving “Angel Investors” a tax incentive along with the high federal research funding, Maryland could become an attractive and place of choice for the next “Amazon” or “Facebook”.

For the reasons outlined above, the Chamber asks the committee to vote in favor of SB 246/HB360. Should there be any questions concerning the Chamber’s position, I can be reached at 443-878-1234.

Respectfully,

A handwritten signature in black ink that reads "Leonardo McClarty". The signature is written in a cursive, flowing style.

Leonardo McClarty, CCE
President/CEO, Howard County Chamber

CC: Howard County Chamber Board of Directors
Howard County Camber Legislative Affairs Committee

SB 246 Angel Investor Tax Credit 1-21-2021.pdf

Uploaded by: RASMUSSEN, DENNIS

Position: FAV



Testimony offered on behalf of:
THE GARRETT COUNTY CHAMBER OF COMMERCE

IN SUPPORT OF:
SB 246 – Income Tax – Angel Investor Tax Credit Program

Budget and Taxation Committee
January 21 2021

On behalf of the Garrett County Chamber of Commerce, representing 600 member organizations in Western Maryland, I write to express our support of SB 246 – Angel Investor Tax Credit Program.

SB 246 provides a tax credit against state income tax to investors for investment in qualified innovation businesses. These investors are known as Angels.

Private investment is a must for fostering entrepreneurial development. Many times, start-ups need seed money and are unable to obtain financing through traditional lending sources. Angel investors have become a choice non-traditional, alternative financing option that is seeding innovation in Maryland and throughout the United States. Maryland needs to support and encourage Angel Investment as an alternative funding option for private companies.

Most states already have Angel Investor Tax Credit programs in place that are significantly broader and the programs are generating substantial returns to those states through tax revenues and newly created entities and jobs. To stay competitive, Maryland needs to support private sector entrepreneurial development by encouraging Angel Investment through an Angel Investor Tax Credit Program.

The Chamber respectfully requests a FAVORABLE REPORT on SB 246.

Sincerely,

Nicole Christian, SOA, CCE

President & CEO

Garrett County Chamber of Commerce, Inc.

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SB0246_FAV_MTC_Income Tax - Angel Investor Tax Cre

Uploaded by: Rosendale, Martin

Position: FAV



MARYLAND TECH COUNCIL

TO: The Honorable Guy Guzzone, Chair
Members, Senate Budget and Taxation Committee
The Honorable Katie Fry Hester

FROM: Pamela Metz Kasemeyer
J. Steven Wise
Danna L. Kauffman

DATE: January 21, 2021

RE: **SUPPORT** – Senate Bill 246 – *Income Tax – Angel Investor Tax Credit Program*

The Maryland Tech Council (MTC) is a collaborative community, actively engaged in building stronger life science and technology companies by supporting the efforts of our individual members who are saving and improving lives through innovation. We support our member companies who are driving innovation through advocacy, education, workforce development, cost savings programs, and connecting entrepreneurial minds. The valuable resources we provide to our members help them reach their full potential making Maryland a global leader in the life sciences and technology industries. On behalf of MTC, we submit this letter of **support** for Senate Bill 246.

Senate Bill 246 establishes the Angel Investor Tax Credit Program, which allows an investor who makes an investment of at least \$10,000, or \$20,000 if the investor is a pass-through entity or a married couple filling a joint return, in a qualified small business to claim a credit against the State income tax in an amount equal to 50% of the investment. The credit may not exceed \$50,000 for an individual investor or \$100,000 for a married couple or pass-through entity. This Program applies to the very industries that MTC serves, including: the information technology industry and the health and medical technology industry, among other innovation industries.

According to a 2012 University of Arkansas study, 22 of 29 states utilizing the tax credits demonstrated an increase in entrepreneurial activity within two years of an angel investor tax credit program being enacted¹. Evidence shows that these programs are integral to the development of seed capital and early-stage capital ecosystem development, as some investors will not invest or will not invest as much without these credits. Hundreds of MTC life science and technology member companies may be eligible for this Program, which will spur their growth and attract follow on funding from traditional private investors. With passage of Senate Bill 246, Maryland will join many states across the country, who have prioritized angel investor tax credits as a catalyst for startup companies. As such, MTC urges a favorable report for Senate Bill 246.

For more information call:

Pamela Metz Kasemeyer
J. Steven Wise
Danna L. Kauffman
410-244-7000

¹ Hendon, John & Bell, Joseph & Blair, Brittany & K. Martin, Don. (2012). State-funded angel investor tax credits: Implementation and perceived effectiveness in a sample of states within the United States. *Journal of Entrepreneurship and Public Policy*. 1. 50-62. 10.1108/20452101211208353.

SB246 - MoCo Chamber - Income Tax - Angel Investor

Uploaded by: Swanson, Tricia

Position: FAV



To Lead, Advocate and Connect as the Voice of Business

Senate Bill 246 - Income Tax - Angel Investor Tax Credit Program

Budget and Tax Committee

January 21, 2021

SUPPORT

Senate Bill 246 allows a credit against the State income tax for a certain percentage of an investment made in a qualified innovation business, not to exceed \$50,000, or \$100,000 for a qualified investor that is a married couple filing jointly or a pass-through entity.

The Chamber advocates for policies that promote strategic investment, a positive business climate and balanced tax reform to further the success of our members and to affirm Maryland's place as relevant and competitive in the regional and global marketplace. To compete, Maryland must retain existing businesses, encourage the formation of new businesses, and even attract businesses from other locations to come here. This helps to expand access to opportunities for our residents and grow the tax base through more jobs and greater economic activity.

One of the many challenges that businesses face is access to capital. Through programs such as the Angel Investor Tax Credit Program, capital can be put toward qualified entities to support their growth while, at the same time, giving the investor credit for the risk they are assuming.

In 2020, two reports were commissioned to analyze the future of economic development in Montgomery County and Metro Maryland. Both reports ([An Economic Roadmap to Recovery & Long-Term Success](#) and James Chung, "Montgomery County at a Crossroads") spoke to the immense need for future investments through Venture Capital and capital gains, particularly in our Biotech, Quantum Computing, and Hospitality sectors. Montgomery County, and thereby the state, could see investments comparable to Boston and Silicon Valley but the state must pass policies that support this investment. In sum, the Chamber supports efforts to encourage more business activity, in this case among emerging businesses, while at the same time offering a tax credit to those investors who help to provide much needed capital.

For the aforementioned reasons, **the Chamber supports Senate Bill 246 and respectfully urges a favorable report.**

The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our nearly 500 members by advocating for increased business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and is proud to be a Montgomery County Green Certified Business.

SB 246_Angel Investor TC_LOI.pdf

Uploaded by: Schulz, Kelly

Position: INFO



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce

DATE: January 21, 2021
BILL NO: Senate Bill 246
BILL TITLE: Income Tax – Angel Investor Tax Credit Program
COMMITTEE: House Ways and Means

Statement of Information

Senate Bill 246 creates a new tax incentive program to be administered by Commerce, the Angel Investor Tax Credit Program (AITC). As drafted, the AITC program would be similar to two existing investor tax credits administered by Commerce. The Biotechnology Investment Incentive Tax Credit (BIITC) and the Cybersecurity Investment Incentive Tax Credit (CIITC) serve as an incentive to encourage investment into seed and early stage companies, thereby promoting the continued growth of these two important industries in Maryland. The AITC would have similar administration to the BIITC program. It should also be noted that Senate Bill 160 will be heard by this Committee on January 27 and if passed would alter and expand the existing CIITC to include additional technology sectors in order to qualify for the credit.

Through the AITC, a Qualified Investor who makes an investment in a Qualified Innovation Business would be eligible to receive a non-refundable tax credit equal to 50% of the investment against their Maryland income tax liability. The minimum investment is \$10,000, with a maximum credit that may be claimed of \$50,000 by an individual (minimum of \$20,000 and maximum of \$100,000 for married couples filing a joint tax return and pass-through entities as defined). The AITC would assist start-up companies in finding investors to provide capital.

Senate Bill 246 requires an annual appropriation \$5 million for the AITC each fiscal year, and the creation of a special reserve fund.

The BIITC and the CIITC programs only serve businesses in their respective industries and apply more to institutional investors that are making larger investments in companies (requiring a minimum investment of \$25,000, with a maximum credit of \$250,000). Senate Bill 246, with a lower minimum investment and smaller maximum credit, is intended to support investment at a much smaller level, known as the Angel Investment, which often comes from individual investors, rather than institutional investors, at an earlier stage in the company's life cycle. While Senate Bill 246 would be applicable to a broader array of industries, it differs from previous versions of this bill in that the specific industry sectors are defined in the legislation. These sectors include advanced materials and manufacturing systems, aerospace, agricultural technology, clean energy and natural resources, education, electronic device technology, health and medical technology, information technology, nanotechnology and transportation and logistics. These industries are aligned with Commerce's current strategic industry sectors, and represent sectors with strong opportunities for innovation and startup activity. However since the

industry sectors have been specifically defined, as new industry sectors emerge there is a limit to the flexibility of this program to respond to changing economic trends.