

## Maryland Angel Tax Credit Support Testimony

- My name is Les Alexander. I am a business school professor and a venture capital and private equity investor. I am testifying in support of the proposed angel tax credit legislation.
- Angels play an extremely important role in the formation and growth of early-stage businesses
- They provide the pre-seed and seed stage capital that is critical for a company's formation yet can often be the most challenging to raise since these businesses are highly risky and quite fragile
- The early-stage companies angels support are critical to the economy as they develop innovative products and technology solutions while creating jobs in their community
- Angels typically invest earlier in a company's development than venture capital and invest at dollar amounts that are smaller than most venture capital firms
- The majority of angel investments fail. So given the perceived risk of investing in these early-stage businesses, there is a limited pool of investors willing to provide this essential funding
- Tax credits, such as the ones proposed in the legislation you are discussing, have been found to positively incentivize angel investment in those communities
- In addition to the capital angels invest, they also provide support, guidance, and mentorship to the companies they invest in to grow and be successful
- The amount of angel capital investment nationwide declined 6% in 2025 from 2024, according to the Angel Capital Association. Given the importance of this source of capital for early-stage businesses, incentives such as this proposed angel tax credit are essential to help stimulate further angel investment in Maryland early-stage companies.
- Thank you for giving me the opportunity to speak on this matter