



## Memorandum

**To:** Representative Jason Dockter  
Chairman, Interim Political Subdivision Taxation Committee  
Members of the Committee

**From:** Joseph J. Becker

**Date:** March 2, 2016

**Subject:** Angel Fund Investment Tax Credit

During the committee hearing on March 1, 2016, I was asked if monies loaned to an angel fund qualify for the angel fund investment tax credit under N.D.C.C. § 57-38-01.26.

The answer is no. The law governing the angel fund investment tax credit uses the term “investment” and requires that the investment be at risk in the angel fund. This language is ordinarily used to describe the putting of monies to use through purchase or expenditure in something offering potential profitable return, and that there is a risk of losing part or all of the monies invested.

There is no specific language in the statute indicating that monies lent to an angel fund are eligible for the credit. A loan is ordinarily used to describe the grant of the temporary use of something conditioned on its being returned at the end of that temporary use.

If you have any further questions, you can contact me as follows:

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