

ANGEL FUND INVESTMENT TAX CREDIT – MULTISTATE SURVEY

This memorandum was requested to provide information on the availability of incentives in other states that are similar to the angel fund investment credit provided in North Dakota Century Code Section 57-38-01.26. The following table provides an overview of each incentive including the name of the incentive, the agency administering the incentive, a brief description of the incentive, and the statutory citation.

State	Incentive Title	Administering Agency	Description	Statutory Citation
Arizona	Angel Investment Program	Arizona Commerce Authority	A taxpayer may claim a credit against income tax liability for making capital investments in qualified small businesses certified by the Arizona Commerce Authority. The amount of the credit is equal to 35 percent of the amount invested in a rural or bioscience company or 30 percent of the amount invested in any other qualified business. A taxpayer must invest a minimum of \$25,000 in a qualified small business in order to qualify for the credit. Credits are awarded on a first-come, first-serve basis, and earned credits must be applied against a taxpayer's income tax liability in equal amounts over a three-year period. Investments in an individual small business will no longer qualify for the credit after the business has received investments totaling \$500,000 in a taxable year and \$2 million in all taxable years. A qualified small business must be in an early stage of development, maintain a portion of its operations in Arizona, employ at least two Arizona residents, and have assets of \$10 million or less. The total amount of credits authorized for the life of the program, effective through June 30, 2012, may not exceed \$20 million. The \$20 million limit was reached in June of 2015.	Arizona Revised Statutes Sections 41-1518 and 43-1074.02
Connecticut	Angel Investor Tax Credit Program	Connecticut Innovations	A taxpayer may claim a credit against income tax liability for making cash investments in qualifying businesses. The amount of the credit is equal to 25 percent of the cash investment. A taxpayer must invest a minimum of \$25,000 in order to qualify for the credit and is limited to claiming no more than \$250,000 in total credits. Credits must be claimed in the taxable year in which the cash investment was made. Any unused credits may be carried forward for up to five taxable years. A qualified business under the program is required to operate a bioscience, advanced materials, photonics, information technology, or clean technology business and must have its principal place of business in Connecticut. A qualifying business must also have fewer than 25 employees, 75 percent of whom are Connecticut residents, have less than \$1 million in gross revenues in the most recent income year, have received less than \$2 million in eligible investments from angel investors, and have been in operation in Connecticut for a period of less than seven years.	Connecticut General Statutes Annotated Section 12-704d

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Georgia	Angel Investor Tax Credit	Georgia Department of Revenue	A qualified investor may claim a credit against income tax liability for making a direct investment in a qualified business. The amount of the credit is equal to 35 percent of the amount invested, up to a maximum amount of \$50,000 per taxpayer in each taxable year. A taxpayer may claim the credit two years following the year in which the investment is made and may carry forward any unused credits for up to five taxable years. A qualified business must be a corporation, limited liability company, or partnership located in Georgia; organized for no more than three years prior to receiving its first investment; employing 20 or fewer people at the time of registration; having no more than \$500,000 in gross revenues in any prior fiscal year; and having received no more than \$1 million in gross cash proceeds from issuing debt or equity instruments. A qualified business must also refrain from engaging in certain specified business areas. The total amount of credits available to qualified investors for investments made through the 2014 calendar year may not exceed \$10 million per year and the total amount available after the 2014 calendar year may not exceed \$5 million per year.	Georgia Code Annotated Section 48-7-40.30
Kansas	Kansas Angel Investor Tax Credit	Kansas Department of Commerce	An investor may claim a credit against income tax liability for making a qualified cash investment in a qualified business. The amount of the credit is equal to 50 percent of an investor's cash investment, up to a maximum credit amount of \$50,000 per investment in a single business and \$250,000 for investments in all businesses in a taxable year. Any unused credits may be carried forward to future tax years or transferred to an individual taxpayer if the taxpayer earning the credit has not owed any Kansas income tax in the immediate past three taxable years and does not reasonably believe it will owe any tax for the current taxable year. The credit may only be transferred once. A qualified business must be a Kansas business that has an innovative and proprietary technology, product, or service; a reasonable chance of success and the potential to create measurable employment in the state; has owners and founders that will make a substantial financial and time commitment to the business; has less than \$5 million in revenue; and has been in operation for less than 10 years if the business is a bioscience business and less than five years if the business is any other type of business. A qualified business must also make commitments to provide the Department of Commerce with an annual report and adequate reporting of financial data or, if required by the Department of Commerce, submit to an annual audit of financial and operational records, allow access to financial records, and allow the Department of Commerce to publish data related to the issuance of tax credits. The total amount of credits that may be awarded under the program is limited to \$6 million per calendar year.	Kansas Statutes Annotated Sections 74-8131 through 74-8137

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Kentucky	Angel Investment Tax Credit	Kentucky Economic Development Finance Authority	A qualified investor may claim a credit against income tax liability for making capital investments in a qualified small business. The amount of the credit is equal to 50 percent of the amount invested if the qualified business is located in an enhanced county having high unemployment rates or 40 percent of the amount invested in a qualified business located in all other counties. To be eligible for the credit, a qualified investor must make a minimum cash investment of \$10,000 in a qualified small business and may not be employed by the business or hold more than 20 percent ownership in the business. Any unused credits may be carried forward for up to 15 taxable years or transferred to another taxpayer. A qualified small business must be in good standing with the Kentucky Secretary of State, have no more than 100 full-time employees, and be engaged in bioscience, environmental and energy technology, health and human development, information technology and communications, materials science and advanced manufacturing, or other specified activity. The total amount of credits awarded per calendar year may not exceed \$200,000 per individual investor and \$3 million for all qualified investors. The total amount of credits that may be awarded over the life of the Kentucky Investment Fund Act and the Kentucky Angel Investment Act may not exceed \$40 million for all taxable years.	Kentucky Revised Statutes Annotated Sections 154.20-230 through 154.20-240
Louisiana	Angel Investor Tax Credit	Louisiana Economic Development	An accredited investor may claim a credit against income and franchise tax liability for investing in a business certified by Louisiana Economic Development as a Louisiana Entrepreneurial Business (LEB). An accredited investor is defined as a person who has an individual or joint net worth of over \$1 million at the time of investment, or an angel pool whose participants are all accredited investors. The amount of the credit is equal to 25.2 percent of the amount invested by an accredited investor. Investments must be at risk in a LEB for at least three years and must be used by the LEB for capital improvements, plant equipment, research and development, working capital, or other approved uses. For purposes of claiming the credit, an investor is limited to investing no more than \$720,000 per business per year and \$1,440,000 per business over the life of the program. An investor may not be a principal owner of a business in which it invests. Earned credits must be used to offset an investor's income tax liability for the taxable period in which the credit is earned and an investor's franchise tax liability for the taxable period following the period in which the credit is earned. Credits are awarded on a first-come, first-serve basis. To qualify as a LEB, a business must have its principal place of operations in Louisiana, have gross annual sales of less than \$10 million or a business net worth of less than \$2 million, have 50 or fewer full-time employees, refrain from engaging in certain specified business areas, and have a plan in place to have more than 50 percent of the businesses' sales	Louisiana Revised Statutes 47:6020

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			derived from sources outside of Louisiana. The total amount of credits awarded on an annual basis may not exceed \$3.6 million.	
Minnesota	Angel Tax Credit	Minnesota Department of Employment and Economic Development	A qualified investor may claim a refundable credit against income tax liability for making a qualified investment in a qualifying business. The amount of the credit is equal to 25 percent of the amount invested. In order to qualify for the credit, a qualified investor must make a cash investment of at least \$10,000 in a qualifying business and a qualified fund must make a minimum investment of at least \$30,000. An individual investor must also be an accredited investor, meet certain income thresholds, and own less than 21 percent of the voting securities of the business receiving the investment either individually or in conjunction with family members. A fund making an investment must be organized as a passthrough entity, have at least three qualifying investors who are natural persons, and may not receive credit for investments made in businesses in which fund members have specified ties. A qualifying business must be headquartered in Minnesota, have no more than 25 employees, have at least 51 percent of those employees and related payroll in Minnesota, pay annual wages of at least 175 percent of the poverty level and pay interns 175 percent of the federal minimum wage, be in operation for 10 years or less, not be publically traded, not have previously received private equity investments exceeding \$4 million, and not have generated more than \$4 million in investments that have received an Angel Tax Credit. The total amount of credits that may be awarded in 2015 may not exceed \$16 million and are awarded on a first-come, first-serve basis.	Minnesota Statutes Annotated Section 116J.8737
Nebraska	Angel Investment Tax Credit	Nebraska Department of Economic Development	A qualified investor or qualified fund may claim a refundable credit against income tax liability for making a qualified investment in a qualified small business. The amount of the credit is equal to 40 percent of the amount invested if the qualified small business is located in an economically distressed area of Nebraska. The credit is equal to 35 percent of the amount invested if the qualified small business is located in any other area of Nebraska. To qualify for the credit, a qualified investor must make an investment in a qualified small business of at least \$25,000 and a qualified fund must make an investment of at least \$50,000. The investment must remain at risk in the business for at least three years. The maximum amount of credits that may be allocated to a qualified investor in a calendar year for all investments is \$350,000 for married couples filing jointly and \$300,000 for all other filers. No more than \$4 million in credits may be awarded per year between 2011 and 2017 and no more than \$1 million in credits may be awarded to qualified investors and qualified funds for investments made in any one qualified small business over the life of the program.	Nebraska Revised Statutes Sections 77-6301 through 77-6310

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New Jersey	Angel Investor Tax Credit Program	New Jersey Economic Development Authority	A taxpayer may claim a credit against income tax liability for making a qualified investment in a New Jersey emerging technology business. A qualified investment consists of a nonrefundable cash transfer which must be at risk in the business for at least two calendar years. The amount of the credit is equal to 10 percent of the qualified investment. A maximum credit of \$500,000 is allowed for the taxable year for each qualified investment made by a taxpayer. For purposes of the credit, an emerging technology business is a business that maintains an office, does business, or employs or owns capital or property in New Jersey; employs fewer than 225 employees, at least 75 percent of whom work in New Jersey; and either operates its primary business in an eligible technology field, conducts qualified research in New Jersey, or conducts pilot scale manufacturing in New Jersey. The total amount of credits awarded in any calendar year may not exceed \$25 million.	New Jersey Statutes Annotated 54A:4-13
New Mexico	Angel Investment Tax Credit	New Mexico Economic Development Department	A taxpayer qualified as an accredited investor may claim a credit against income tax liability for making a qualified investment in a qualified business. The amount of the credit is equal to 25 percent of the amount invested. A taxpayer is limited to claiming a credit on investments in no more than five qualified businesses in a taxable year and may only qualify for the credit on the first \$100,000 invested in each business. Any unused credits may be carried forward for up to five taxable years. For purposes of the credit, a qualified business must have its principal place of business in New Mexico, the majority of its employees and tangible assets in New Mexico, engage in qualified research or manufacturing activities in New Mexico, have 100 or fewer full-time employees in the year an investment is made, have gross revenues of \$5 million or less in prior fiscal years, and refrain from engaging in certain specified types of business activities. The total amount of credits available to all taxpayers may not exceed \$2 million in a calendar year.	New Mexico Statutes Annotated Section 7-2-18.17
South Carolina	Angel Investor Credit	South Carolina Department of Revenue	An angel investor may claim a credit against income tax liability for making a qualified investment in a qualified business. The amount of the credit is equal to 35 percent of the amount invested. The maximum amount of credits that may be awarded to an individual for all qualified investments may not exceed \$100,000 per taxable year, exclusive of credits that may have been carried forward from a previous taxable year. A taxpayer is limited to applying no more than 50 percent of the earned credit against the taxpayer's income tax liability in the taxable year in which the credit was earned. The remaining credit amount may be applied in the following taxable year and may be carried forward for up to 10 taxable years. Unused credits may also be sold or transferred to another taxpayer or transferred to a taxpayer's heirs or spouse upon the taxpayer's death or divorce. Earned credits may be transferred only once. A	Code of Laws of South Carolina Annotated Sections 11-44-30 through 11-44-80

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			<p>qualified angel investor may be an individual or a passthrough entity. A qualified passthrough entity must have been formed for investment purposes, have no business operations, have committed capital under management of \$5 million or less, and may not be capitalized with funds raised or pooled through specified means. A qualified business must be a corporation, limited liability company, or partnership headquartered in South Carolina. It must be organized for five years or less prior to receiving its first qualified investment; employ 25 or fewer people in South Carolina at the time of registration; have a gross income of \$2 million or less on a consolidated basis in any fiscal year prior to registration; and be primarily engaged in manufacturing, processing, warehousing, wholesaling, software development, information technology services, or research development. The total amount of credits awarded to all taxpayers may not exceed \$5 million in a calendar year.</p>	