



January 13, 2016

Refundable Angel and Early Stage Seed Tax Credits – Assembly Bill 102

Assembly Committee on Jobs and the Economy

Representative Peter Barca

Chairman Neylon and members of the Assembly Committee on Jobs and the Economy, thank you for holding a public hearing on Assembly Bill 102, which would encourage greater investment in small, high-technology Wisconsin businesses by making the state's Angel and Early Stage Seed Tax Credit programs refundable.

In the 2009-11 session, Wisconsin expanded the Angel and Early Stage Seed Credit legislation, and at that time, the program was widely viewed as one of the most pro-Angel investment programs in the country. Other states have mirrored our laws and 29 states currently have angel tax programs. Unfortunately for our state, we have fallen behind in this investment area because Minnesota, Nebraska, and Maryland have taken the next step to make these investment-driving tax credits refundable.

Refundable credits make investments in Wisconsin startups more appealing for both in-state and investors located outside the state because they do not necessarily have a tax liability in our state. With a refundable tax credit program, Wisconsin would be better positioned to capture potential capital available in regional metro areas such as Chicago and the Twin Cities, in addition to larger investor pools on the East and West coasts who are traditionally major players in the investment world.

Angel and seed venture capital investments are the primary ways that new ideas and new technology get off the ground and break into the market. Without adequate funding, countless new startups fail due to a shortage of resources. We must ensure that Wisconsin's best and brightest entrepreneurs and business innovations receive the support they need so that these companies can grow and produce the family-supporting jobs of the future. A refundable credit that can better leverage investment is a promising way to maximize capital flow to Wisconsin companies.

In previous sessions the bill has been supported by the Metropolitan Milwaukee Association of Commerce, Wisconsin Angel Network, and National Federation of Independent Business (2011 AB 20; 2013 AB 388). In March 2012 the Wisconsin State Journal editorialized that the bill was one of five the legislature should pass before the end of the 2011-12 biennium. Even Governor Walker included the proposal in his Fall 2011 Special Session call (2011 SSAB 15).

Thank you for your time today and I hope that I can count on your support when Assembly Bill 102 comes for a vote before this committee.