



MARYLAND TECH COUNCIL

TO: The Honorable Anne Kaiser, Chair
Members, House Ways and Means Committee
The Honorable Brooke E. Lierman

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

DATE: January 21, 2021

RE: **SUPPORT** – House Bill 360 – *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 House Bill 360.

House Bill 360 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 filing 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 House Bill 360.

For more information call:

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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.