

HB 1177 -- Angel Investment Program

Sponsor: Harris (23)

This bill establishes the Angel Investment Tax Credit which allows individual investors, beginning January 1, 2008, to claim a credit against their Missouri income tax equal to 40% of the amount the individual invests in a bona fide angel investment.

The cumulative amount of tax credits which can be issued in one calendar year cannot exceed \$3 million, and the total amount issued cannot exceed \$30 million. If the amount of the tax credit issued exceeds the amount of the taxpayer's state tax liability, the difference will not be refunded but can be carried forward to the next tax year. The tax credit cannot be sold. Investments made in a certified business that are greater than \$500,000 will not be eligible for the tax credit. If the investments for which an individual claims the credit is held for less than one year, he or she must repay the Department of Revenue the amount of the credit that was received.

The bill specifies how the credit will be calculated for nonresidents, part-time residents, single taxpayers, married taxpayers filing a separate return, and married taxpayers filing jointly.

The Department of Economic Development is required to establish the Angel Investment Program which will certify businesses for this tax credit. In order to be certified, a business must:

- (1) Be headquartered in Missouri;
- (2) Employ at least 51% of its workforce in Missouri;
- (3) Be or will be engaged in manufacturing, agriculture, or processing or assembling products and conducting research and development or developing a new product or business process;
- (4) Not be engaged in real estate development, insurance, banking, lending, lobbying, political consulting, certain professional services, wholesale or retail trade, leisure, hospitality, transportation, or construction;
- (5) Have fewer than 100 employees;
- (6) Have been operating in Missouri for less than 10 years;
- (7) Have received less than \$1 million from the Angel Investment Program; and

(8) Have not received more than \$10 million in cash from a private equity investment prior to being certified by the department.

The duties of the department regarding the program are specified, including maintaining a list of certified businesses on its web site and publishing an annual report by September 15.

The provisions of the bill will expire on December 31 six years from the effective date.