



## ANGEL CAPITAL ASSOCIATION

### **For Immediate Release**

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### **Angel Capital Association Supports the 2011 Innovation Coalition Fly-In**

#### ***ACA Members Initiate Dialog with Congress to Fuel the Development of Innovation Economy***

**Kansas City, MO, February 22, 2011** – More than 100 participants from the “Innovation Coalition,” including several Angel Capital Association members, gathered on Wednesday, February 16<sup>th</sup> to meet with Members of Congress to discuss the role of innovation in fueling economic growth.

The first ever Fly-In was a success for ACA members. “It was a great first step in starting what we hope will be an ongoing dialog between ACA members and their Congressional representatives about best ways to support the start-up activity in the United States, said Marianne Hudson, ACA Executive Director. “Establishing legislative connections at the state and federal level will help create a powerful network spanning both the public and private sectors to support the mission of fueling economic growth through innovation.”

The Fly-In began with a meeting of all of the participants. Lawmakers and their staffs were briefed about the innovation process, the role it plays in a thriving economy, and the roles of each of the associations in the coalition in the innovation process. Featured speakers from both public and private sectors included Senator Mark Pryor (D-AR), John Fernandez, Assistant Secretary of Commerce for Economic Development, and Brian Darmody, Immediate Past President of the Association of University Research Parks. The briefing was followed by individual meetings between angel members and the representatives and senators from their state.

#### **Startups Create Jobs – Angel Investors Fund Startups**

ACA’s participation in the Fly-in and Innovation Coalition reflects the importance of startup ventures to job creation. From 1980 to 2005, firms less than five years old accounted for all net job growth in the United States according to data from the Census Bureau and analysis by the Ewing Marion Kauffman Foundation.<sup>i</sup> Without these young companies, job growth would have been negative in many years.

Angel investors provide the majority of outside equity funding for startup and early stage firms. In 2009, one study estimates that angels funded more than 97 percent of the 45,000 companies that received seed and early stage equity investment.<sup>ii</sup>

#### **ACA Advocates a Balanced Federal Tax Policy to Incent Angel Investment**

ACA and its members discussed two main public policy issues during their individual meetings with their Congressional delegations:

- To catalyze angel investment in startups, ACA advocates a balanced federal tax policy combining low capital gains tax rates and tax credits for angel investments. The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 included a provision that provides a 100 percent exemption for gains made in [Qualified Small Business Stock](#) for investments made before December 31, 2011. ACA recommends that this exemption be made permanent.
- ACA is also advocating for legislation that provides tax credits to incent accredited private individuals to invest in high potential startup and small businesses. The ideal legislation would focus on providing credits that are significant enough to reduce the risk of investing in startups, cover equity investment and/or acquisition of convertible debt in firms less than 5 years old and target high growth, innovative industries.

Nine ACA members present to advocate for the ACA public policy platform to Congressional delegates from Kansas, Maine, New Jersey, Ohio, and Virginia.

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### **About the Innovation Coalition**

The Innovation Coalition is a collaborative group of innovation-based associations supporting key element of the continuum for commercialization and job creation. Members of the Innovation Coalition include:

- Angel Capital Association
- Association of University Research Parks
- Association of University Technology Managers
- Community Development Venture Capital Alliance
- National Association of Seed and Venture Funds
- National Association of Small Business Investment Companies
- National Business Incubation Association
- State Science and Technology Institute
- Technology Councils of North America

### **About the Angel Capital Association**

The **Angel Capital Association (ACA)** is the trade association of leading angel investment groups in North America. ACA's mission is to support the growth, financial stability and investment success of its member angel groups by sharing best practices and industry data, providing professional development, and promoting group membership, networking and collaboration. ACA's membership includes more than 150 angel groups and 20 affiliate members from 41 US states and 6 Canadian provinces. These groups represent more than 7,000 angels and are funding approximately 800 new companies each year and managing an ongoing portfolio of more than 5,000 companies throughout North America. More information is available at [www.angelcapitalassociation.org](http://www.angelcapitalassociation.org).

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<sup>i</sup> Source: Business Dynamics Statistics Briefing: Jobs Created from Business Startups in the United States. Census Bureau and Kauffman Foundation, January 2009.

<sup>ii</sup> Source: "Jeffrey E. Sohl, Center for Venture Research" and 2010 National Venture Capital Association Yearbook.