

MEDIA RELEASE

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Governor Joins NKY Leaders to Ceremonially Sign Bill to Encourage Angel Investing

Bill encourages more individuals to invest in small businesses

COVINGTON, Ky. (July 23, 2014) – Angel investors now have another reason to invest in Kentucky’s small and startup companies – tax credits.

Gov. Steve Beshear joined state lawmakers, community leaders and angel investors today to ceremonially sign House Bill 445. The legislation expands the Kentucky Investment Fund Act (KIFA) so that individual angel investors – people who provide capital for startup companies – can receive tax credits. Currently, only groups of angel investors (with fund managers) can take advantage of the credits. The signing took place at UpTech, a small business accelerator in Covington.

The expansion is designed to encourage more investment in Kentucky’s small businesses. The expanded credit, in turn, is expected to spark more innovation, business creation and jobs.

“Private investment is a critical component of a thriving innovation ecosystem,” said Gov. Beshear. “This legislation will provide great incentive for angel investors to support entrepreneurs and small businesses across the Commonwealth and to invest in Kentucky’s future.”

Starting next year, individual angel investors can receive a tax credit of up to 50 percent of their investment in counties with high unemployment rates, or enhanced counties, and 40 percent in all other counties.

Out-of-state investors can take advantage of the credit too. Though out-of-state investors may not have any Kentucky tax liability, they can transfer that tax credit to someone else within the Commonwealth. If a Kentucky taxpayer is willing to purchase the credit, the investor will recover some portion of the investment.

Rep. Arnold Simpson, of Covington, and Rep. Rick Rand, of Bedford, sponsored the bill. The Kentucky Innovation Network office in Covington, in conjunction with network offices across the state, also worked diligently to support the legislation.

“There are so many talented and hardworking Kentuckians who have the skill and know-how to start their own businesses who are just waiting for someone to provide that initial financial support,” said Rep. Simpson. “By making Kentucky a more appealing place to provide angel investments we’re going to



see real results in the number of people who are able to take their ideas and turn them into reality, providing new jobs for Kentuckians along the way. I'm glad to see this bill signed into law and thank Gov. Beshear for helping make it happen."

"I hope this legislation encourages investors to take notice that our Commonwealth is serious about helping new businesses grow," said Rep. Rand. "But even more importantly, I hope this encourages some Kentuckians who may have been on the fence about striking out on their own to get out there, find an investor and realize their dreams of starting their own business."

Community leaders were on hand to participate in the ceremonial bill signing and recognize the achievement of Governor Beshear and the Kentucky legislature.

"Northern Kentucky has the assets in place to be the premier destination in the Midwest where entrepreneurs and startups can thrive. Key investments like NKU's College of Informatics and Health Innovations Center are preparing a workforce that will be at the forefront of innovation and startup activity," said NKY Chamber President/CEO Trey Grayson. "By passing the angel investment tax credit, we now have a tool to support small business, retain our most talented entrepreneurs, and create sustainable, knowledge-based jobs."

Casey Barach, Director of the Kentucky Innovation Network at Northern Kentucky and Executive Director of the ezone, discussed the credit's impact on his organizations role in creating, implementing, expanding and promoting equity-backed entrepreneurship in the region.

"We get and pursue entrepreneurship as an important, integral part of our economy," said Barach. "We've helped over 300 companies get started and created 1500 high-tech jobs. With this legislation now in place, we are at the beginning of an even greater entrepreneurial surge for Northern Kentucky and the Commonwealth."

Joining the elected officials and community leaders for the bill signing was Co-Founder of CitiLogics Jim Uber. CitiLogics is a Covington-based software company that aims to help the nation's 53,000 municipal water systems manage their supply and infrastructure. The startup began as a portfolio company in the first round of UpTech's accelerator program.

"CitiLogics has found fertile ground in Northern Kentucky to grow our big idea of creating smart data visualization tools, to fix and manage underground municipal water systems," said Uber. "UpTech, and now Kentucky's Angel Investor Tax Credit will further accelerate the commercialization of our innovative big idea, and create new high quality jobs in the Commonwealth of Kentucky."

This legislation is Gov. Beshear's latest step to encourage angel investing in the Commonwealth. Last year, he successfully launched the Kentucky Angels Network (Kentucky Angels). Kentucky Angels brings new ventures and accredited investors together via monthly online meetings, providing investors access to form deals and partnerships with entrepreneurs statewide. Membership is open to those accredited



investors in and outside the state who are passionate about investing in Kentucky companies. To learn more about Kentucky Angels, visit www.kyangels.net.

The Kentucky Cabinet for Economic Development, along with the Kentucky Innovation Network, also is hosting a series of entrepreneur pitch competitions throughout the state. Similar to the hit television show "Shark Tank," these competitions feature Kentucky entrepreneurs presenting their business ideas to a group of local angel investors. Winners receive cash prizes and the opportunity to present their businesses to the Kentucky Angels in Frankfort this fall.

The angel tax credit is operated through the Office of Entrepreneurship within the Kentucky Cabinet for Economic Development.

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The Northern Kentucky Chamber of Commerce, Inc., founded in 1969, is the leading business organization in Northern Kentucky. It is a Five-Star Accredited Chamber with nearly 1,700 member companies representing approximately 175,000 employees. The Chamber focuses its efforts on education, workforce development, international trade, leadership development, and government relations at the federal, state and local level.

Deborah Simpson, President of Multi-Craft, is the Chair of the Board and Brent Cooper is the Interim President of the Northern Kentucky Chamber of Commerce. Further information on the Chamber is available at www.nkychamber.com.