

ACA Public Policy Issues

Issue	Description	Legislation	Status
99 Investor Problem - Solved Supporting America's Innovators Act	Lifts the cap on the number of investors in venture funds or online syndicates of \$10 million or less from 99 to 250.	H.R. 1219, Supporting Americas Innovators Act sponsored by Rep. Patrick T. McHenry (R-NC) and Rep. Nydia M. Velazquez (D-NY). Senate Bill, S. 444 sponsored by Sen. Heidi Heitkamp (D-ND) and Sen. Dean Heller (R-NV).	Now law , pending any rule-making. Included in S. 2155, Economic Growth, Regulatory Relief Act. Passed Senate 3/14/2018 67-31 and House passed on 5/22/18. President signed on 5/24/18.
Demo Day Exemption HALOS Act, Helping Angels Lead Our Startups	Exempts Demo Days from the definition of General Solicitation, so participating companies can continue to have private offerings with no need for additional verifications of accredited investor status.	H.R. 79 HALOS Act sponsored by Rep. Steve Chabot (R-OH) and Krysten Sinema (D-AZ), Senate Bill S. 588 sponsored by Senator Chris Murphy (D-CT) and Patrick Toomey (R-PA).	Passed the House 344-73. Senate Banking Committee held a hearing in June, 2018 but has not yet taken further action. HALOS Act included in the JOBS and Investor Confidence Act of 2018, passed by the House in July, 2018.
Accredited Investor Definition Maintain the financial thresholds to qualify as an accredited investor and expand the accredited investor pool by creating additional sophistication qualifications	Keeps the thresholds for net worth and income the same, but with increases for inflation going forward. Expands the A/I definition to individuals who have certain professional credentials such as CPA, Series 7, etc. as well as to allow individuals to proactively attest through an SRO that they understand the risks of a non-public offering, to then be considered accredited investors.	H.R. 1585 Fair Investment Opportunities for Professionals Act Rep. David Schweikert (R-AZ)/S. 2756 Sen. Thom Tillis (R-NC) and Sen. Catherine Cortez Masto (D-NV).	Passed the House on 11/1/2017 voice vote. Senate Banking committee will likely mark-up week of 6/25/17, and it was included in the JOBS and Investor Confidence Act of 2018, passed by the House in July, 2018.
Capital Gains Tax Exemption Maintain 100% exemption gains to Qualified Small Business Stock (Section 1202 of the US Tax Code)	100% capital gains exemption for investments in Qualified Small Businesses. In future, make improvements to 1202, including allowing the five-year holding period to include time held as an LLC, as long as the company converts to a C Corp.	H.R. 1, comprehensive tax reform continued Section 1202 as is.	House Ways and Means Chairman Kevin Brady (R-TX) intends to bring another tax bill forward including permanency of the lower individual rates. ACA is working with Ways and Means on enhancements to 1202.
Delay taxing Stock Options for five years	To incentivize employees who work for high growth emerging companies, allowing tax on private company equity grants to be paid over five years	H.R. 3084 Empowering Employees Through Stock Ownership Act (Rep. Erik Paulsen R-MN and Rep. Joseph Crowley D-NY) S. 1444 Sen. Dean Heller (R-NV) and Sen. Mark Warner (D-VA)	Became Law in 2018 - H.R. 1 (tax reform bill)
Safe Harbor for NOLs for companies less than 12 years old	Startups can be at a disadvantage of allowing investors to utilize Net Operating Losses (NOLs) because follow-on investment rounds mean change in ownership, which current laws disallow with the intention of preventing loss trafficking.	Rep. Erik Paulsen (R-MN) is drafting legislation.	Waiting for Paulsen to finalize legislation and finding a Democratic lead.
How you can help:	Educate Members of Congress about angel investing - what it is and the economic impact of the innovative startups you invest in. Meet with them when they are in their home districts and states. You can provide them a three-page ACA leave-behind piece for Members of Congress, with information about angels, economic impact, and ACA's key policy issues.		
Key committees:	Tax issues are handled by the House Ways and Means Committee and Senate Finance Committee.		Securities issues are led by the House Financial Services Committee and Senate Banking Committee.
More information:	ACA has more detailed letters and flyers on many of these issues, and will soon post them on the ACA website. If interested in those details, ask Grassroots leader Angela Jackson or ACA Executive Director Marianne Hudson. A toolkit to meet with Members of Congress is here: https://www.angelcapitalassociation.org/grassroots-toolkit/ .		