

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2989
Version: As introduced

DATE: March 30, 2016

Authors: Loon and others

Subject: Angel Investment Tax Credit – expansion of qualifying securities

Analyst: Nina Manzi, 651-296-5204
Joel Michael, joel.michael@house.mn

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

This bill modifies Minnesota angel investment tax credit. Under present law, the credit is allowed to “accredited investors” (defined under federal SEC rules) that invest in qualifying securities. These individuals must have either substantial incomes or high net worths under SEC rules. Other investors (i.e., non-accredited investors) can also qualify for the credit if they invest via offerings that are exempt from securities registration under Minnesota law (35 or fewer investors and meet other requirements) or that qualify under the small corporate offering registration provisions.

The bill expands the securities for which non-accredited investor can claim an angel investment tax credit to include securities registered under the MNVEST registration exemption that was enacted by the 2015 Legislature. This exemption allows certain small offerings typically marketed over the Internet (often referred to as crowdfunding). The offerings are subject to dollar limits (typically \$1 million or \$2 million amounts).