

Statement of Connecticut Innovations Regarding Raised Bill 549 An Act Concerning An Entrepreneurship Tax Credit Program

Connecticut Innovations, Inc. (CI) supports Raised Bill 549 An Act Concerning An Entrepreneurship Tax Credit Program. The bill sets up a tax credit for angel investors who invest in Connecticut businesses. This is a very important bill that will do much to promote the emerging technology sector in Connecticut.

Early stage companies in Connecticut have higher barriers in obtaining capital, labor and professional services than companies in communities that are more receptive to entrepreneurial ventures. This bill will help to address the availability of capital to entrepreneurs. It will provide angels with a small incentive to invest here in Connecticut rather than New York or Boston. It will also signal to entrepreneurs that Connecticut is serious about attracting them and keeping them here.

Why is Raised Bill 549 important?

- This bill will stimulate angel investing in Connecticut. In 1998 there were 6 angel groups in the US. Today there are over 250. Connecticut has only 2 angel investor groups. There are over 30 in Boston and 12 in New York. This bill will help us ensure that private capital in Connecticut goes to work in Connecticut. Right now it is being invested elsewhere.
 - CT has hundreds of early stage companies looking for capital. Typically, if they find capital elsewhere, they will move to be closer to their investors.
- Angel investors provide more than capital. They become closely involved with their investments and often this means moving the company close to the capital resources.
 - The involvement of angels will bring needed expertise to companies. The activation of retired executives' contacts, ideas and wisdom are crucial to early stage companies.
- Early capital is difficult to obtain but is the driver of a vibrant economy. A well developed pool of early stage capital attracts entrepreneurs. A pipeline of well funded early stage companies attracts later stage funds. This is a continuum that Connecticut has to build because it has not developed of its own accord. It exists in Boston, Silicon Valley and New York.

Early stage companies create jobs and wealth. In places where early stage companies are able to find capital the vitality of the local economy is undisputed. This includes places such as Palo Alto, Boston and Austin. Connecticut is not on this list today and it must be if it is to become a contender for the next generation of entrepreneurial companies.