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S.F. No. 1314 – Angel investment credit extension (as proposed to be amended by the A-1 amendment)

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The Minnesota small business investment credit, commonly known as the angel investment credit, provides a refundable credit for investments in qualified start-up businesses located in Minnesota in specified high-tech or industry fields. The credit equals 25 percent of the investment, up to \$125,000 per individual or \$250,000 for married joint filers.

There are several criteria for businesses to qualify as an eligible business for investment, and for investors and funds to qualify for the credit. To claim the credit, investors and businesses must apply to DEED for certification as a qualified investor, qualified fund, or qualified business. Minimum investment amounts apply. Qualified investors and qualified funds must apply to DEED for a credit certificate. Fifty percent of the total credits allocated are reserved for minority, women, or veteran-owned business. If that amount is not allocated by September 30 of the taxable year, the remainder is allocable for other credit applications.

The angel investment credit was first enacted in 2010 and has been extended on a short-term basis over the last several years. The last extension was in 2019 for tax years 2019 and 2021. The credit is scheduled to sunset after tax year 2021.

Section 1. Credit allowed. Allocates \$20 million in credits beginning in tax year 2022.

Section 2. Repealer. Repeals the sunset of the credit.