

CAPITOL UPDATE

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Lifeline for Start-Ups: Angel Investors

In the current economic climate, access to capital for small businesses is nearly nonexistent. According to a recent Georgia Tech study, 40% of start-ups leave Atlanta within the first three years, partly due to lack of funding. However, 80% of Georgians are employed by small businesses, and economic growth depends on keeping start up companies in our state.

Angel investors are individuals who write personal checks and incur high risk to help fund start-up companies. This infusion of private capital grows entrepreneur-driven businesses, which in turn creates jobs for Georgians. Without angel funding, many start-ups will not survive nor become eligible for venture capital financing. Twenty-one other states have implemented programs to incentivize angels. North Carolina's tax credit program alone resulted in nearly 700 new jobs with average salaries of over \$58,000.

Currently, two house bills seek to incentivize private investors to help fund a critical financing stage for our state's entrepreneurs.

HB 1001, sponsored by **Rep. Chuck Martin** (R-Alpharetta), seeks to create an income tax credit for angel investors. The tax credit would amount to 35% of an Angel's investment or \$35,000, whichever is less. Given the current budget crisis, there is a two year waiting period before investors qualified for the credit would be able to take advantage of it.

HB 1023 is sponsored by **Rep. Tom Graves** (R-Ranger) and outlines a provision for angel investors within a larger bill known as the **Jobs Act**. Details regarding the angel investor provision differ slightly from HB1001 but the overarching concept is similar: HB 1023 provides an income tax credit amounting to the lesser of 50% or \$50,000, distributed over two years after an initial two year waiting period.

HB 1001 is currently in the Income Tax Subcommittee of the House Ways and Means Committee. The bill must pass through two subcommittee hearings before making its way to a full committee hearing. HB 1001 will have its first subcommittee hearing on Mar. 8. HB 1023 passed out of the House's Small Business Development and Job Creation Subcommittee on Feb. 18. The bill now rests in the House Rules Committee, where it awaits placement on the House Debate Floor calendar.

TAG looks forward to working with both sponsors to move each bill forward to the Governor's desk this legislative session.

Screeching Halt on Day 20

Following the adoption of SR 1120 on Feb. 18, the General Assembly began a two week recess. In an unprecedented maneuver, the House and Senate decided to host Joint Appropriations meetings to devote extensive attention to the state's budget crisis. The Assembly will reconvene on Mar. 8 for Day 21 of the 40 legislative day session.

Smarter Classrooms, Smarter Kids

SB 319, sponsored by **Sen. Cecil Staton** (R-Macon), allows the Board of Education to expand the definition of a textbook to include hardware and software necessary to support digital content in the classroom. Currently, local school systems are authorized to utilize state funds to purchase auxiliary digital content to accompany digital texts; however, they lack the authority to spend funds on the hardware and software necessary to support such programs.

With passage of SB 319, local school systems will have greater flexibility in determining how best to spend allocated state dollars to service the learning needs of their students.

Spotlight: High-Tech Legislation in 2010

This session, the legislature introduced a number of bills pertinent to the technology community. A quick synopsis is provided below.

HB 944, sponsored by **Rep. Amos Amerson** (R-Dahlonega), prohibits texting while driving, except in the case of an emergency. Violations would result in a misdemeanor and a fine of not more than \$300.

SB 412, sponsored by **Sen. Greg Goggans** (R-Douglas), creates the Georgia eHealth Advisory Council to oversee the adoption of telemedicine programs and to monitor the development of electronic health record databases.

HR 178 is sponsored by **Rep. Kevin Levitas** (D-Atlanta) and would add HB 173 to the ballot in November's elections. HB 173, passed in 2009, would allow judges to blue line employment contracts without voiding an entire contract—crucial for technology companies who currently risk forfeiting nondisclosure agreements and intellectual property rights when making any adjustments to their contracts with employees. Although the Governor already signed HB 173, Georgia's Constitution must be amended for the bill to take effect. The only way to amend the State Constitution is via a public vote.