

**MINNESOTA'S ANGEL TAX CREDIT FOR 2010**  
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In an effort to stimulate our economy, Governor Pawlenty signed into law the Small Business Investment Tax Credit on April 1, 2010. This law is known as the "Angel Tax Credit." It provides a tax credit for qualified investors of up to 25% of their investment made in a qualified small business, up to a maximum of \$125,000 for an individual or \$250,000 for those married filing jointly.

To be a "Qualified Investor" you must:

- Be a natural person
- Meet the Regulation D requirements of an accredited investor
- If not an accredited investor, must be a non-accredited investor in exempt filings per MN Stat. 80A.46(13) or (14) or MN Stat. 80A.50(b)
- Not receive more than 50% of their annual gross income from the business
- Be certified by the Minnesota Department of Employment and Economic Development (DEED) before the investment is made. (Non-accredited investors may file for certification within 30 days of making the investment. There is a filing fee of \$350)
- Make a minimum qualifying investment of \$10,000. Three or more investors may join to create a fund with a minimum investment of \$30,000. That amount may be divided among the investors as desired by the fund.

To be a "Qualified Business" you must:

- Be engaged in technological innovation in specified "qualified high technology fields" which include aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical devices, pharmaceuticals, diagnostics, biological, chemistry or veterinary science
- Be headquartered in Minnesota
- Have a minimum of 51% of employees and payroll in Minnesota
- Have fewer than 25 employees
- Pay employees annual wages of at least 175% of poverty level (currently \$18.55 per hour) (this amount does not include officers, directors, executives or 20%+owners)
- Cannot have been in operation more than 10 years
- Cannot have received private equity investments of more than 2 million dollars in the past
- Cannot have been disqualified from investment under MN Stat. 80A.50(b)(3) which are the small corporation offering registration disqualifications.
- The Angel Tax Credit is capped at \$1 million per business (therefore, the investments qualifying for the credit are capped at \$4 million)
- The business must be certified by DEED prior to the investment being made. (There is a filing fee with DEED of \$150)