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Angel investor tax credits increase by \$2 million

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A \$2 million bump in tax credits is expected to mean more investment in Kansas bioscience and technology startups.

The commencement of the 2008 Kansas Angel Investor Tax Credit Program this month brings with it more than \$6 million in credits to the state's angel investors who invest in qualified startup companies.

Last year, \$4 million in tax credits were available to angel investors, who are labeled such because they provide financing to companies in their earliest stages of formation.

Tracy Taylor, president and chief executive of Kansas Technology Enterprise Corp., which oversees the tax credit program, said the increase in credit this year should spur additional investment in the state's most promising companies.

"It gets investors involved who otherwise wouldn't be involved," Taylor said.

Here's how the program works:

High technology companies that are 5 years old or less and bioscience companies that are 10 years old or less apply to the program to be considered a qualified company.

That means the company applying for qualified status is investigated by KTEC, which does due diligence on each company, including background checks on its management team.

If a company is deemed qualified, angel investors are allowed to receive a tax credit on their Kansas income tax for 50 percent of what they invest in the company, up to \$100,000.

"It helps mitigate the risk (for the investor), but not completely," Taylor said. "They're still losing 50 percent of their money if the deal goes away."

Investors must also qualify to receive the credits under Securities and Exchange Commission guidelines.

Michele Weigand, KTEC's vice president of investments and portfolio management, said there will likely be more than \$6 million in tax credits available this year because not all of the \$4 million in tax credits last year were used.

To find out more about the program, visit www.kansasangels.com.

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