



## [25% Federal Income Tax Credit For Investments In Qualified Small Businesses Proposed](#)

By

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Update:

The text of Pryor’s bill (S.256) has been posted. You can find it [here](#).

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We are still waiting for the actual legislative text of this bill, and will post it when it becomes available.

The American Opportunity Act will provide a 25 percent federal income tax credit for investing in qualified small businesses, including companies in the advanced manufacturing, aerospace, biotechnology, clean energy and transportation sectors. Qualified small businesses can receive up to \$2 million per year in tax credit-eligible cash equity investment, of which no more than \$1 million can come from a single investor. The funding is estimated to stimulate \$2 billion per year of new capital formation.

### [Senator Pryor’s Press Release:](#)

Feb 02 2011

Pryor: Legislation Helps Entrepreneurs Survive the “Valley of Death”  
Senator Seeks to Create Next J.B. Hunt, Google or Hewlett Packard

WASHINGTON, DC – U.S. Senator Mark Pryor today introduced legislation to encourage early stage venture capitalists, also known as angel investors, to invest in small companies that have potential for significant economic growth and job creation.

Pryor said angel investors provide entrepreneurs with capital that cannot be met by traditional bank loans, often helping businesses overcome the “valley of death” which is the stage between start-up and profitability. Citing concerns about declining angel investments due to the recession, Pryor said tax incentives will lead to new growth and industries. In 2009, angel investments led



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to the creation of 250,000 new jobs, or about 5 percent of the new jobs created in the United States.

“American ingenuity will bring us out of our economic slump and help our nation regain a global competitive edge,” Pryor said. “My legislation fosters this growth by ensuring entrepreneurs have the capital and opportunity to succeed.”

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Pryor noted that J.B. Hunt received \$25,000 from five poultry companies in 1961 to start a rice hull hauling business. Today, the \$5 billion trucking company employs more than 14,000 workers. Last week, the Northwest Arkansas Council’s strategic plan cited a major need for start-up money to launch the next economic boon for the region. In addition to J.B. Hunt, other successful Arkansas businesses that benefited from angel investments include Nanomech, BlueinGreen and Vegrandis. Nationally, Google, Hewlett Packard, Twitter, Facebook, Amazon, and Apple received critical capital from angel investors.

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