



Angel Tax Credit Program

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Business Tax Benefits Unit and Angel Tax Credit Program



What is Angel Tax Credit Program?

- A program to assist Minnesota high-tech startup businesses attract the equity capital they need to grow by providing a tax credit incentive to investors
- A **25% refundable tax credit** for investors who make equity investments in qualified small emerging businesses
 - Maximum credit per year for investors is \$125,000/\$250,000 for single/married filing jointly

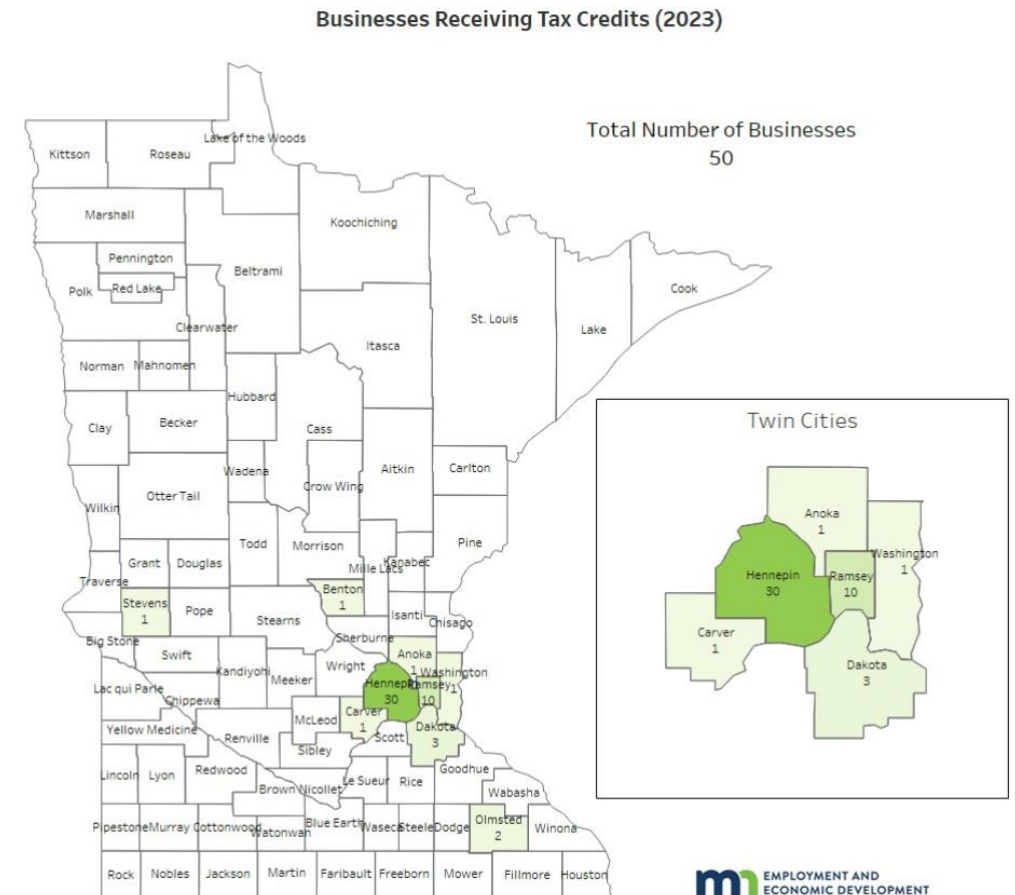
2010-2023: over \$537 million invested in 588 startups

2023 highlights:

- 75 businesses certified; 50 received investment
- \$17.5 million invested; \$4.3 million in credits issued
- Priority given to targeted businesses by reserving 50% of credits until October 1st
 - Women-owned
 - Minority- owned
 - HQ in Greater Minnesota
- 37% of investment dollars were invested in targeted businesses

Businesses Served

- Top industries receiving investment
 - Medical Devices & Equipment (n=19, \$8.4M)
 - Biotechnology (n=4, \$2.7M)
 - Software (n=9, \$1M)
 - Healthcare Services (n=5, \$1M)
- Targeted investment distribution
 - Women-owned (n=12, \$1.6M)
 - Minority- owned (n=12, \$3.8M)
 - HQ in Greater Minnesota (n=5, \$0.9M)



Businesses reported in 2023

Business program participants report to DEED by February 1 for five calendar years from the latest qualified investment

- **Job creation in 2023:**

- 133 net direct jobs were created
- 637 indirect jobs were created (consultants, contract hires, etc.)

2,782 direct jobs have been created since the program's inception in 2010

- **Follow-on investment**

- \$87.5 million in additional investment 2023 (no ATC)

- 518 credit certificates issued to:
 - 219 certified investors
 - 299 investors from 12 certified investment funds
- Source of investment dollars:
 - 50% Non-Minnesota Residents (\$8.6M)
 - 36% Residents in the Metro (\$6.3M)
 - 14% Residents of Greater Minnesota (\$2.5M)
- Average investment per investor: \$33,815



Story of impact: BetterYou



Story of Impact

BetterTime, Co. recently landed \$6 million in venture capital funding for its *BetterYou* app that functions as a digital coach nudging people to make healthier choices, maximize their time and stay focused on their wellness goals.

The St. Paul-based business currently has 24 employees. The new venture capital funding will help BetterTime, Co. invest in additional sales, marketing and software development staff.

Launch Minnesota provided BetterTime, Co. with a \$28,500 Business Operations grant five years ago. The company also benefited from the **Angel Tax Credit** program, receiving \$465,000 in investment via the program in last third of 2019.

"I'm thrilled to be building a business in a state like Minnesota which supports early innovation. Those early funds from Launch and the Angel Tax Credit helped us secure early investments at a critical time for our business," said Sean Higgins, Co-Founder and CEO of BetterTime, Co. "Like most startups we're an overnight success five years in the making. We may not have even made it past one year without such positive local support."

Partnerships and the Start-up Ecosystem



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