



SB 44A and 2569A

University Venture Development Fund Tax Credits for Donations

Are colleges good at choosing where to invest venture capital? We simply don't know yet. Thus, **we don't believe the University Venture Development Fund should get the expansion of the state's investment from \$8.4 million to \$25 million, anything over \$10 million seems excessive given the lack of a strong return history.** According to the spreadsheet provided by Nate Stice, there is no need to rush to expand the size of this program. Universities have not yet raised the current allocation; they've had since 2007. **They can, of course, return anytime between now and the new sunset date, when they can demonstrate a deeper history of success and have used up their much smaller allocation than what's in this bill.**

Further, the bill makes the tax credit more beneficial to the "donor" in two ways. It increases individual potential donations from \$50,000 to \$1million taken in one year rather than over three years. This should certainly make it easier to find donors! **With this dramatic change -- removing both the inflation factor and the risk -- a reduction of the credit from 60% to 50% should come with the change.** If universities are successful in finding donors with \$1 million of annual taxes, they should be able to do so with a less aggressive tax credit.

The proposed expansion is extraordinary for an unproven program. It could cost the state \$16.4 million with no additional return on the public's investment beyond the current \$485,000 received to date. **Are colleges good at choosing where to invest venture capital? We simply don't know yet.**

The bill needs amendments. Continuation of the program makes sense. Dramatic expansion in the size and increasing the tax credit's value to donors does not.