

# United States Senate

WASHINGTON, DC 20510

June 6, 2011

Dear Colleague:


Earlier this year we introduced the *American Opportunity Act* (S.256) to help entrepreneurs survive the “Valley of Death” financing stage between start-up and profitability. According to the Kauffman Foundation, angel investors are responsible for up to 90 percent of early-stage equity investments not obtained from friends or family. In 2009, angel investments led to the creation of 250,000 new jobs, or about 5 percent of the new jobs created in the United States.

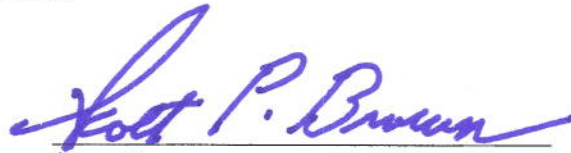
Early-stage companies face difficult challenges accessing capital, particularly those without the necessary assets or cash flow for traditional bank funding. For high-growth companies, the gap is particularly acute in the so called “Valley of Death” for financing rounds between \$1-4 million. Over the past 4 years only 6% of all venture capital has been deployed in that stage, with 70% of the financings going to only three states.

*The American Opportunity Act*, modeled after the New Market Tax Credit, would encourage angel investors and venture capitalists to invest in early stage companies that have potential for significant economic growth and job creation. The legislation would provide a 25 percent federal income tax credit for investing in qualified small businesses, including companies in the advanced manufacturing, aerospace, biotechnology, clean energy, medical device 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. A total of \$10 million can be invested in any one small business. The bill authorizes \$500 million per year for five years to pay for the tax credits. The funding is estimated to stimulate \$2 billion per year of new capital formation.

Please join us in supporting America’s entrepreneurs by co-sponsoring the American Opportunity Act. If you would like to co-sponsor the legislation or have any questions, please contact Stephen Lehrman (Pryor, 8-3063) at [stephen\\_lehrman@pryor.senate.gov](mailto:stephen_lehrman@pryor.senate.gov) or Jeff Farrah (Scott Brown, 4-5669) at [Jeffrey\\_Farrah@scottbrown.senate.gov](mailto:Jeffrey_Farrah@scottbrown.senate.gov).

Sincerely,

  
Mark Pryor

  
Scott Brown