



ANGEL CAPITAL ASSOCIATION

August 8, 2018

Dear Angel Colleague:

Thank you for participating in the Angel Capital Association (ACA) Grassroots Initiative. Your efforts will play an instrumental role in the long-term success of innovation and new business formation in our country and the critical role Angel investors play in helping young companies.

The purpose of the ACA Grassroots Initiative is to assist policy makers at the national and local level in understanding and supporting the efforts of angels relative to new job creation, business formation, and access to capital. Many of the decisions that impact angel investing are being made in our *Nation's Capital*. That is why we are asking you to start by focusing your efforts on Members of Congress, but on the local level. Make sure they understand that angel investors are important to the economies of their districts and states, and that there are startups in their districts that create jobs and innovations with the help of local angels' financial and mentor capital.

Here's what we mean: ACA has identified 140 members of the House and Senate in the 115th Congress who will play a critical role in developing, supporting and passing legislation beneficial to angel investing. ***The most effective voice in reaching and persuading these Senators and Representatives are people from their home state and district, or those who have had a prior relationship with the Member of Congress. They listen most to their constituents.*** You have been selected as part of our Grassroots team because you reside in one of the districts which elect these key legislators.

This Grassroots Toolkit provides materials to use in educating these policymakers and in helping them craft legislation and regulatory policies that positively impact angel investing. The materials include:

- A. A list of the key legislators and those you are being asked to cultivate
- B. Congressional meeting guidelines
- C. 2018 Legislative calendar identifying the best times to arrange these meetings
- D. An example request for a meeting
- E. One-page summary of key ACA public policy issues and their status
- F. ACA Public Policy Brochure to provide as a handout
- G. A one-page summary of the HALOS Act (Helping Angels Lead our Startups)

It is critically important that we use 2018 to increase the profile of angels in Washington DC, to ensure Members of Congress know us and understand our issues, and that we gain successful passage of positive legislation. *Your efforts will be instrumental to our success.*

The Public Policy Team looks forward to working with you in creating a long-lasting grassroots relationship with national legislators. We can help facilitate these meetings and provide additional background information if you need it.

On behalf of ACA, angel investors nationwide, and the thousands of young companies that depend upon our support and help, thank you for being a part of our Grassroots Initiative. We look forward to your reports, comments, and suggestions as you share the good news about Angel investing and its importance to our national economic well-being.

Sincerely,

Linda Smith
ACA Board Chairman

Angela Jackson
ACA Public Policy Grassroots Team Chair

Marianne Hudson
ACA Executive Director

Christopher Mirabile
ACA Public Policy Chairman

KEY MEMBERS OF CONGRESS FOR ACA GRASSROOTS COMMUNICATIONS

SENATE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

Mike Crapo (R-ID), Chairman

Bob Corker (R-TN)

Tom Cotton (R-AR)

Dean Heller (R-NV)

John Neely Kennedy (R-LA)

David Perdue (R-GA)

Mike Rounds (R-SD)

Richard C. Shelby (R-AL)

Ben Sasse (R-NE)

Tim Scott (R-SC)

Thom Tillis (R-NC)

Patrick J. Toomey (R-PA)

Sherrod Brown (D-OH), Ranking Member

Catherine Cortez Masto (D-NV)

Joe Donnelly (D-IN)

Heidi Heitkamp (D-ND)

Robert Menendez (D-NJ)

Jack Reed (D-RI)

Brian Schatz (D-HI)

Jon Tester (D-MT)

Chris Van Hollen (D-MD)

Mark R. Warner (D-VA)

Elizabeth Warren (D-MA)

SENATE COMMITTEE ON FINANCE

Orrin G. Hatch (R-UT), Chairman

Richard Burr (R-NC)

Bill Cassidy (R-LA)

John Cornyn (R-TX)

Mike Crapo (R-ID)

Michael B. Enzi (R-WY)

Chuck Grassley (R-IA)

Dean Heller (R-NV)

Johnny Isakson (R-GA)

Rob Portman (R-OH)

Pat Roberts (R-KS)

Tim Scott (R-SC)

John Thune (R-SD)

Patrick J. Toomey (R-PA)

Ron Wyden (D-OR), Ranking Member
Michael F. Bennet (D-CO)
Sherrod Brown (D-OH)
Maria Cantwell (D-WA)
Benjamin L. Cardin (D-MD)
Thomas R. Carper (D-DE)
Robert P. Casey (D-PA)
Claire McCaskill (D-MO)
Robert Menendez (D-NJ)
Bill Nelson (D-FL)
Debbie Stabenow (D-MI)
Mark R. Warner (D-VA)

HOUSE COMMITTEE ON WAYS AND MEANS

Kevin Brady (R-TX) 8th, Chairman
Mike Bishop (R-MI) 8th
Diane Black (R-TN) 6th
Vern Buchanan (R-FL) 16th
Carlos Curbelo (R-FL) 26th
George Holding (R-NC) 2nd
Lynn Jenkins (R-KS) 2nd
Sam Johnson (R-TX) 3rd
Mike Kelly (R-PA) 3rd
Kenny Marchant (R-TX) 24th
Pat Meehan (R-PA) 7th
Kristi Noem (R-SD) at large
Devin Nunes (R-CA) 22nd
Erik Paulsen (R-MN) 3rd
Bruce Poliquin (R-ME) 2nd
Tom Reed (R-NY) 23rd
Dave Reichert (R-WA) 8th
Jim Renacci (R-OH) 16th
Tom Rice (R-SC) 7th
Peter Roskam (R-IL) 6th
Adrian Smith (R-NE) 3rd
Jason T. Smith (R-MO) 8th
David Schweikert (R-AZ) 6th
Pat Tiberi (R-OH) 12th
Jackie Walorski (R-IN) 2nd

Richard Neal (D-MA) 1st Ranking Member
Earl Blumenauer (D-OR) 3rd
Judy Chu (D-CA) 27th
Joseph Crowley (D-NY) 14th

Danny K. Davis (D-IL) 7th
Suzan DelBene (D-WA) 1st
Lloyd Doggett (D-TX) 35th
Brian Higgins (D-NY) 26th
Ron Kind (D-WI) 3rd
John B. Larson (D-CT) 1st
Sander Levin (D-MI) 9th, Former Chairman
Bill Pascrell (D-NJ) 9th
John Lewis (D-GA) 5th
Linda Sanchez (D-CA) 38th
Terri Sewell (D-AL) 7th
Mike Thompson (D-CA) 5th

HOUSE COMMITTEE ON FINANCIAL SERVICES

Jeb Hensarling (R-TX), Chairman 5th
Patrick T. McHenry (R-NC), Vice
Chairman 10th
Andy Barr (R-KY) 6th
Ted Budd (R-NC) 13th
Warren Davidson (R-OH) 8th
Sean P. Duffy (R-WI) 7th
Tom Emmer (R-MN) 6th
Al Green (D-TX) 9th
French Hill (R-AR) 2nd
Trey Hollingsworth (R-IN) 9th
Bill Huizenga (R-MI) 2nd
Randy Hultgren (R-IL) 14th
Peter T. King (R-NY) 2nd
David Kustoff (R-TN) 8th
Barry Loudermilk (R-GA) 11th
Mia Love (R-UT) 4th
Frank D. Lucas (R-OK) 3rd
Blaine Luetkemeyer (R-MO) 3rd
Thomas MacArthur (R-NJ) 3rd
Luke Messer (R-IN) 6th
Alexander X. Mooney (R-WV) 2nd
Steve Pearce (R-NM) 2nd
Robert Pittenger (R-NC) 9th
Bill Posey (R-FL) 8th
Dennis A. Ross (R-FL) 15th
Edward R. Royce (R-CA) 39th
Claudia Tenney (R-NY) 22nd
Scott Tipton (R-CO) 3rd
Dave A. Trott (R-MI) 11th
Keith J. Rothfus (R-PA) 12th
Steve Stivers (R-OH) 15th
Ann Wagner (R-MO) 2nd

Roger Williams (R-TX) 25th
Lee M. Zeldin (R-NY) 1st

Maxine Waters, (D-CA), Ranking
Member 43rd

Joyce Beatty (D-OH) 3rd

Michael Capuano (D-MA) 7th

Emanuel Cleaver (D-MO) 5th

Wm. Lacy Clay (D-MO) 1st

Charlie Crist (D-FL) 13th

John K. Delaney (D-MI) 6th

Keith Ellison (D-MN) 5th

Bill Foster (D-IL) 11th

Vincente Gonzalez (D-TX) 15th

Josh Gottheimer (D-NJ) 5th

Denny Heck (D-WA) 10th

James A. Himes (D-CT) 4th

Ruben J. Kihuen (D-NV) 4th

Daniel T. Kildee (D-MI) 5th

Stephan F. Lynch (D-MA) 8th

Carolyn B. Maloney (D-NY) 12th

Gregory W. Meeks (D-NY) 5th

Gwen Moore (D-WI) 4th

Ed Perlmutter (D-CO) 7th

David Scott (D-GA) 13th

Brad Sherman (D-CA) 30th

Kyrsten Sinema (D-AZ) 9th

Nydia M. Velazquez (D-NY) 7th

Juan Vargas (D-CA) 51st

Example Letter or Email to Send to Request a Meeting

The Honorable (*Member's First and Last Name*)

U.S. House of Representatives or U.S. Senate

Mailing Address (*from their website, or putting in your zip code on [this site for House](#) and [this site for Senate](#)*)

Dear (Representative or Senator and their Last Name),

I am writing to request a meeting with you when you are home in your district/state (*district for House, state for Senate*) to discuss the impact of angel investors on startup companies in (*city or state*) and what angel investors mean for our nation's economy. I am an angel investor and also belong to (*name of angel group or platform*) and we invest in and mentor new companies, mostly in this community. Angel investors are the first investors in startups, after friends and family, and before Venture Capitalists. It is estimated that angels invest about \$25 billion in about 70,000 high growth new businesses every year.

We would be happy to host a meeting at your convenience with a number of angel investors and some of the entrepreneurs we have invested in. (*Name of angel organization*) also holds our meeting to hear investment pitches by startups (*on date and time, or for example, every third Wednesday at noon*) and we welcome you and your staff to join us for any part of our meeting that fits your schedule. Either type of meeting would be a great time to have a dialog with your constituents and hear about some really interesting companies that are creating jobs and innovation.

I believe it is very important for American public policy to ensure the best possible environment for entrepreneurs to access capital and for angel investors to provide both capital and expertise to these growing companies.

Thanks for your consideration of our meeting request. You or your staff can reach me at (your phone number and email address) to follow up.

Sincerely,

X

CONGRESSIONAL MEETING GUIDELINES

1. **Contacting your Senator and Representative:**
 - a. **The most effective time to meet with your Representative or Senator is when they are in their home district.** There is a greater likelihood the member will personally be there and will be more focused on local constituents and concerns. Enclosed in this toolkit is a list of the 2015 dates when members are likely to be in their districts.
 - b. **If you are planning on being in Washington DC, we suggest you try to meet with your legislators.** In this case please contact Mike Eckert, mjmeckert@cox.net, or Linda Smith, LLSmith2650@aol.com of ACA. We will connect you with APCO, our lobbying firm in Washington which will help you get meetings schedules with your respective legislators.
2. **Timing and length of meeting:** Members of Congress have many demands on their schedules. We suggest asking for a 15-30 minute meeting, showing you respect the demands on the Member's time and can convey your concerns succinctly. Often you will get more time, but plan to keep your pitch short.
3. **Key "asks" during this meeting:** In this toolkit you will find suggested talking points for meeting with Members of Congress. It is helpful to be clear on your "asks"—what bills you want them to co-sponsor, introduce, or support and that you would like them to contact the SEC regarding verifying and expanding the Accredited Investor Definition.

We have included a three-page handout prepared by ACA titled "Angel Investing: Key to US Jobs and Economic Health" that you can give to the Congressional Member and his/her staff to re-enforce your talking points. Your focus is to ensure the Member of Congress is *personally* knowledgeable about the public policy issues effecting start-up, innovative companies and angel investors like you who support them.

Some of the points you may want to cover:

- A. **What is an angel investor**
 - B. **What is ACA (Angel Capital Association)**
 - C. **Impact of angel investors on the economy and job creation**
 - D. **Examples of familiar companies angels have supported (Google, Starbucks, Home Depot)**
 - E. **Examples of two to three companies in your state or locale that have benefited from Angel investing**
 - F. **Summarize the three policy issues: Retaining the current Accredited Angel definition, refining the SEC ruling on General Solicitation, and improving and extending the capital gains tax exemption**
4. **What to Ask For:** Inform the Member of Congress you would appreciate their help on three things:

- A. **Send a letter or meet with the SEC asking the Commission to keep the current definition of Accredited Investor. Give them a hard copy of the draft Congressional letter included in this toolkit and e-mail a copy to his/her staff who sit in on the meeting.**
- B. **Support legislation that would clarify for the SEC what constitutes a General Solicitation (Ask them to co-sponsor or agree to vote for the HALOS Act**
- C. **Support passage of the 100% capital gains tax exemption for 2015 and preferably a multi-year extension with a decrease in the investment holding period to 2 years and the inclusion of LLCs (limited liability corporations)**

5. **“Bring it Home” by bringing entrepreneurs:** The most effective in-district meetings include representatives of companies located in the legislator’s district. Ask them to share their story of why Angel investing was important to their efforts. Legislators want examples, stories, and their ramifications in addition to any facts and data you provide. Bringing it home to the Congressman by showing them real-life people with personal stories to tell can be the best way to cement your relationship.

6. **Wrap-up:** If there is enough time, indicate who is “on the other side” (State Securities Commissioners, consumer advocates, AARP) and why their concerns should not apply to Angels who are risking their own money, not other people’s funds.

7. **Follow-up:** Get the name and e-mail address (or exchange business cards) with the staff person who sits in on the meeting. Ask for the name and contact information for the staff person in Wash. DC who handles SEC issues for the member of Congress. We suggest sending a “thank-you” e-mail within a day or two to the Congressperson expressing appreciation for the meeting and reiterating your discussion; copy in the staff person. Periodically request updates, perhaps by e-mail follow-ups to the staff person.

8. **Other suggested grassroots activities:** It is helpful to find other opportunities to interact with the Member of Congress such as town-hall forums, community meetings, church events, picnics, parades, or similar home district venues. Because Members of Congress meet so many citizens and deal with numerous issues, it is usually helpful to re-introduce yourself and remind the member about your meeting on Angel investing.

Consider submitting a letter to the editor or op-ed in the local newspapers about legislative issues and the needs of the district. Use local media to increase awareness about the linkages between Angel investing, job creation, and economic growth. Members of Congress and their staffs monitor the local media and will also connect your name with these issues.

Befriend the Member through the various social media channels, such as Facebook.

Invite the Congressperson to speak to your Angel Group or other community-based groups that you are active in. Legislators appreciate the opportunity.

Consider attending local fund-raising events on behalf of the members. It is okay to be bi-partisan and attend events for both political parties.

9. **Some cautions to consider:** If you are a personal friend and/or know the member well you may want to address them in an informal manner. Otherwise we suggest using their formal title of Senator or

Representative during your first meetings. It is probably best not to start by telling them you have contributed to their campaign. Do tell them that you enjoyed meeting them at (insert the location when you last saw them). When you bring an entrepreneur, know what that person will say and it is wise to steer clear of entrepreneurs who has prominently supported an opposing candidate.

10. **Give us your feedback:** The ACA Public Policy Committee and staff would welcome your comments on what meetings you arranged and the responses from your Members of Congress.

HOUSE CALENDAR

MAJORITY LEADER KEVIN McCARTHY

115TH CONGRESS, SECOND SESSION

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JOHN CORNYN

Majority Whip

DICK DURBIN

Democratic Whip

UNITED STATES SENATE
115th Congress, 2nd Session

2018

TENTATIVE SCHEDULE

JANUARY							FEBRUARY							MARCH						
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<small>SENATE CONVENES JANUARY 3, 2018</small>																				
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(Red days = Senate not in session)

2ND SESSION CONVENES—JANUARY 3, 2018
TARGET ADJOURNMENT— DECEMBER 14, 2018



ANGEL CAPITAL ASSOCIATION

ANGEL INVESTING: KEY TO US JOBS AND ECONOMIC HEALTH

What is an Angel Investor?

Angels are accredited investors who invest their own money in high-risk, high-growth early-stage enterprises that fuel our nation's job growth and economic health. Angel investors are the primary source of outside capital for promising startups and entrepreneurs – providing an estimated 90% of such outside funds.

Every year angels invest about \$25 billion in more than 70,000 startups. Angels and venture capitalists have invested roughly the same amount of money for many years, although angels invest in 15 times more businesses. An estimated 300,000 angels supported promising companies in every American state.

Angel investment differs from venture capital, but there are similarities in professionalism. Angels invest much earlier, usually at the startup stage and their own personal capital. VCs pool funds from mostly institutional investors and largely invest in companies that have entered a strong growth phase, frequently with the benefit of initial angel investment to establish viability.

While angels approach each deal with an expectation of success, investing in early-stage companies is highly risky. With a well-managed, diversified portfolio, data indicate angel investing can lead to 20+% return over time; however, *angels lose some or all funding in more than half of all investments.**

Many angels join formal angel groups to share expertise and pool their capital. There are about 400 groups in the US.

Companies First Funded By Angel Investors Include Household Names



amazon.com



Google



COSTCO
WHOLESALE



Angel Investors: Vital to Economic Health of Communities in Every State and the Nation

Angel investing creates jobs. From 1980 to 2005, firms less than 5 years old accounted for ALL net job growth in the US.* At the earliest stage, when neither banks nor venture capital will invest, angels are often the only source of equity for young businesses. Angel capital focuses on companies with potential to rapidly add hundreds of jobs, and achieve \$10 to \$50 million in sales within several years.

Mentorship by angels is often a critical success factor for early-stage companies. Funding is not the only investment angels make in startups: in addition, angel investors promote growth and success by introducing entrepreneurs to high-value potential customers and resources, counseling them during challenging times, and helping them gain credibility and market share. **There are angels and angel groups in every state and region energetically working with startups to build and grow jobs in their communities and to help create wealth for entrepreneurs as well as potential returns for themselves.**

Angels fuel innovation and competition. Seed capital provided by angels is vital to continued innovation and US leadership globally in technology, healthcare, telecom, energy and other job-generating growth sectors of the economy. Angel investing often makes the difference between a company remaining on the runway or soaring into flight.

*Sources :Kauffman Foundation: Returns of Angels in Groups, Robert Wiltbank; and US Business Dynamics Statistics Briefing: Jobs Created from Business Start-ups

WHAT ANGEL INVESTORS NEED FROM CONGRESS

Angel Investing Plays a Vital Role in Our Nation's Economy

Congress has long supported and encouraged private sector activity that creates jobs and fosters innovation. Support of the angel investing ecosystem is critical to the success of these efforts. Angel investors provide most of the initial seed capital to new, high-growth enterprises. Angel investors take the most risk, with their own funds, as well as time and energy to help young companies grow, create jobs and succeed.

Critical Issues Impacting the Angel Investing Community Today

• After Tax Reform, Improve Policies That Ensure Startups Can Access Capital

ACA supports the concept of simplifying the federal tax code, but believes it is important to continue policies that support investment in new businesses. Thanks to Congress for keeping the permanent 100% exemption of gains on investments in Qualified Small Business Stock, passed under the Protecting Americans from Tax Hikes Act of 2016, ("IRC Section 1202"). ***This exemption has catalyzed investment in innovative startups and should be continued and also improved in two ways:***

- Clarify which businesses qualify as QSBs by providing a simple tax form that can be given to investors.
- Since many angels invest in companies as LLCs that later convert to C Corporations, allow the time as LLCs to count toward the five year holding period.

• Create Safe Harbor for Startups for Net Operating Losses

High-growth startups raising equity capital often experience an ownership change that invokes Section 382 NOL limitations. ACA appreciates the need to prevent abusive loss trafficking, but believes startups experience unintended consequences. Exempting capital contributions from ownership change calculations for early-stage companies helps attract capital.

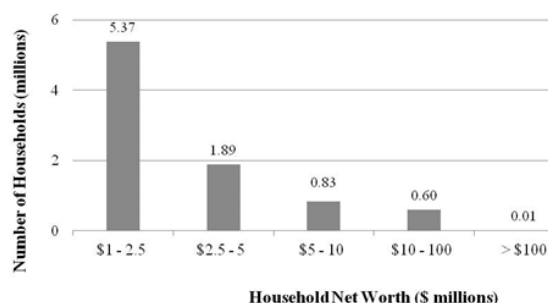
• Accredited Investor Definition

Under Dodd-Frank, the SEC was required to review the accredited investor definition starting in 2014 and every 4 years thereafter. The current thresholds are \$200K in income or \$1M in net worth (excluding the value of primary residence). SEC staff published a report in December, 2014, noting a number of options for updates to the definition.

These thresholds should not be raised by inflation going backward.

Increasing them for inflation since 1982 (to \$450K income and \$2.5M net worth) would eliminate nearly 60% of eligible households, severely impacting the capital raising efforts of innovative small businesses, which in turn will result in fewer jobs and less growth. The SEC has not recommended such an increase recently, but has received many recommendations to do so. Angels need consistency and constancy in the definition to continue investing over time. Consideration should also be given to growing the pool of accredited investors by including individuals who are financially sophisticated by education or experience, implemented in a common sense way.

Number of US Households that Qualify as Accredited Investors Based on 2010 Net Worth

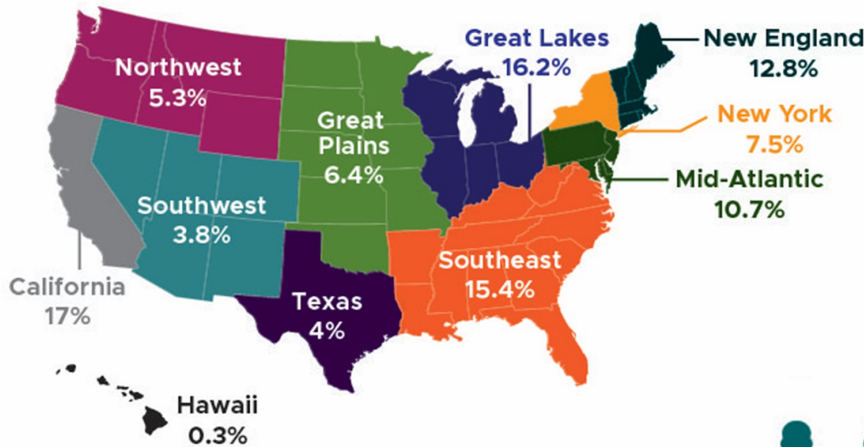


• Exempt Demo Days from General Solicitation Rules

Congress should mandate the SEC to provide a clear definition of what constitutes "general solicitation." The JOBS Act mandated the SEC to allow exempt offerings to use general solicitation as long as all purchasers are accredited investors. Issuers using general solicitation must take "reasonable steps to verify" the accredited status of purchasers, requiring angels to share their wealth and income statements with others and therefore leading most angels away from companies that use general solicitation. Thousands of economic development agencies, universities and research organizations have held demo day events for decades without fraud. Entrepreneurs demo products and meet investors, customers and supporters at these events, providing practical education to other entrepreneurs. ***ACA believes demo days should be specifically exempted from the category of "general solicitation," so that young companies do not inadvertently violate this rule - Rule 506(c).*** The bi-partisan HALOS Act (HR 79) passed the House and ACA encourages the Senate to do the same via S 588.

ANGEL INVESTING STATISTICS

Angels Based Across US



Industries (% of Angel Groups)

IT/ Enterprise Software	64%
Consumer Products	52%
Medical Devices	41%
Internet, IoT & Web Services	38%
Mobile Software	28%
Industrial & Energy	25%
Healthcare IT	25%

Typical Investment Amounts

\$1M to company
\$25K from each investor



77.9% Male



22.1% Female

ANGEL CAPITAL ASSOCIATION

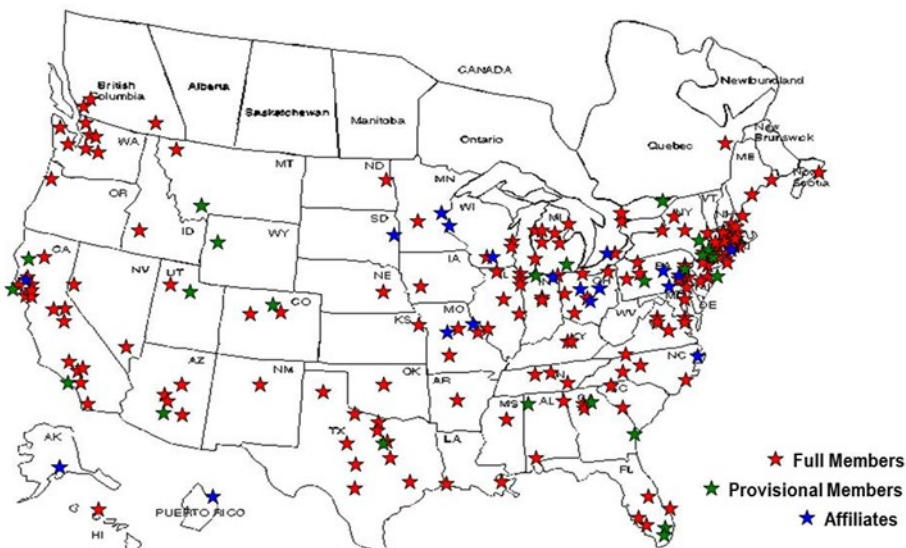
ACA is the country's leading professional and trade association supporting the success of angel investors in high-growth, early-stage ventures. ACA provides professional development, sharing of best practices, industry voice, public policy advocacy and an array of benefits and resources to its membership of more than 13,000 individual accredited investors in all 50 states and Washington, DC.

www.angelcapitalassociation.org

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ACA MEMBERS ARE IN EVERY STATE— Providing Capital for Economic Growth



ACA members are individual angels, members of angel groups, family offices, and management of online platforms for accredited investors. This map shows only ACA's organizational members by state



ANGEL CAPITAL ASSOCIATION

ACA Public Policy Issues

Issue	Description	Legislation	Status
99 Investor Problem - Solved Supporting America's Innovators Act	Lifts the cap on the number of investors in venture funds or online syndicates of \$10 million or less from 99 to 250.	H.R. 1219, Supporting Americas Innovators Act sponsored by Rep. Patrick T. McHenry (R-NC) and Rep. Nydia M. Velazquez (D-NY). Senate Bill, S. 444 sponsored by Sen. Heidi Heitkamp (D-ND) and Sen. Dean Heller (R-NV).	Now law , pending any rule-making. Included in S. 2155, Economic Growth, Regulatory Relief Act. Passed Senate 3/14/2018 67-31 and House passed on 5/22/18. President signed on 5/24/18.
Demo Day Exemption HALOS Act, Helping Angels Lead Our Startups	Exempts Demo Days from the definition of General Solicitation, so participating companies can continue to have private offerings with no need for additional verifications of accredited investor status.	H.R. 79 HALOS Act sponsored by Rep. Steve Chabot (R-OH) and Krysten Sinema (D-AZ), Senate Bill S. 588 sponsored by Senator Chris Murphy (D-CT) and Patrick Toomey (R-PA).	Passed the House 344-73. Senate Banking Committee held a hearing in June, 2018 but has not yet taken further action. HALOS Act included in the JOBS and Investor Confidence Act of 2018, passed by the House in July, 2018.
Accredited Investor Definition Maintain the financial thresholds to qualify as an accredited investor and expand the accredited investor pool by creating additional sophistication qualifications	Keeps the thresholds for net worth and income the same, but with increases for inflation going forward. Expands the A/I definition to individuals who have certain professional credentials such as CPA, Series 7, etc. as well as to allow individuals to proactively attest through an SRO that they understand the risks of a non-public offering, to then be considered accredited investors.	H.R. 1585 Fair Investment Opportunities for Professionals Act Rep. David Schweikert (R-AZ)/S. 2756 Sen. Thom Tillis (R-NC) and Sen. Catherine Cortez Masto (D-NV).	Passed the House on 11/1/2017 voice vote. Senate Banking committee will likely mark-up week of 6/25/17, and it was included in the JOBS and Investor Confidence Act of 2018, passed by the House in July, 2018.
Capital Gains Tax Exemption Maintain 100% exemption gains to Qualified Small Business Stock (Section 1202 of the US Tax Code)	100% capital gains exemption for investments in Qualified Small Businesses. In future, make improvements to 1202, including allowing the five-year holding period to include time held as an LLC, as long as the company converts to a C Corp.	H.R. 1, comprehensive tax reform continued Section 1202 as is.	House Ways and Means Chairman Kevin Brady (R-TX) intends to bring another tax bill forward including permanency of the lower individual rates. ACA is working with Ways and Means on enhancements to 1202.
Delay taxing Stock Options for five years	To incentivize employees who work for high growth emerging companies, allowing tax on private company equity grants to be paid over five years	H.R. 3084 Empowering Employees Through Stock Ownership Act (Rep. Erik Paulsen R-MN and Rep. Joseph Crowley D-NY) S. 1444 Sen. Dean Heller (R-NV) and Sen. Mark Warner (D-VA)	Became Law in 2018 - H.R. 1 (tax reform bill)
Safe Harbor for NOLs for companies less than 12 years old	Startups can be at a disadvantage of allowing investors to utilize Net Operating Losses (NOLs) because follow-on investment rounds mean change in ownership, which current laws disallow with the intention of preventing loss trafficking.	Rep. Erik Paulsen (R-MN) is drafting legislation.	Waiting for Paulsen to finalize legislation and finding a Democratic lead.
How you can help:	Educate Members of Congress about angel investing - what it is and the economic impact of the innovative startups you invest in. Meet with them when they are in their home districts and states. You can provide them a three-page ACA leave-behind piece for Members of Congress, with information about angels, economic impact, and ACA's key policy issues.		
Key committees:	Tax issues are handled by the House Ways and Means Committee and Senate Finance Committee.		Securities issues are led by the House Financial Services Committee and Senate Banking Committee.
More information:	ACA has more detailed letters and flyers on many of these issues, and will soon post them on the ACA website. If interested in those details, ask Grassroots leader Angela Jackson or ACA Executive Director Marianne Hudson. A toolkit to meet with Members of Congress is here: https://www.angelcapitalassociation.org/grassroots-toolkit/ .		

Helping Angels Lead Our Startups (HALOS) Act

On July 10, 2013, the SEC adopted Regulation D 506(c) in accordance with provisions in the Jumpstart Our Business Startup (JOBS) Act. Intended to support startups and provide small businesses across the country with the means to raise capital, 506(c) permits start-ups to use general solicitation when raising capital for non-publicly traded corporations, but only if investors are deemed accredited. Currently, an investor may either provide financial and wealth documentation to a third party such as a broker, banker, or accountant; or provide financial or wealth documentation to the entrepreneur.

This rule change has its heart in the right place: allowing businesses to take advantage of vastly expanded information technologies to advertise, while seeking to protect these businesses from investors with financial means but little experience in managing risk. However, with a collective median 9 years of experience in investing, and 15 years of experience as entrepreneurs angels are distinctly different from these less experienced investors. In addition, handing over personal wealth and financial documentation to a single third party poses privacy concerns, and asking entrepreneurs -- which may not have the physical or financial means to vet investors -- puts them at risk of violating compliance.

The HALOS Act would alleviate some of the burden posed by this new rule by protecting certain events – like demo days – from being classified as general solicitation and subject to the accreditation process. These types of events, frequented by angels and startups, existed for years during the ban on general solicitation. As the JOBS Act was meant to expand access to capital, it doesn't make sense to add additional hoops for angels to jump through in an effort to fix something that isn't broken.

The HALOS Act would clarify the definition of general solicitation as not applying to a presentation, communication, or event:

- Sponsored by federal, state, or local government; a college or university; non-profit; established angel group; venture forum, venture capital association or trade association; or any other group approved by the SEC.
- Whose advertising does not make any specific investment offering.
- Whose sponsor does not make investment recommendations or provide investment advice to attendees or engage in investment negotiations with investors attending the event.
- Where no specific information regarding investments is communicated by the issuer other than that they are offering securities, the type and amount of securities being offered, the amount of securities still available, and the intended use of the securities.