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To: Soura, ChristianChristianSoura@gov.sc.gov
CC: John DeWorkenJohn@lobbysc.com
Date: 6/10/2013 8:34:16 AM
Subject: South Carolina startups get help growing great jobs
Attachments: General Assembly passes credit-NEWS RELEASE.docx

Christian:

This is just an update to you of our interest.

Attached is the News Release from SCBIO on the General Assembly's passage of H 3505 – The High Growth, Small Business Job Creation Act that draws investment into high-technology and bioscience South Carolina startups by offering a 35% tax credit to investors, similar to 26 other states.

We would be interested to know if the governor intends to sign this and allow a signing ceremony, since this is crucial to draw investors to engage in South Carolina. Perhaps this can be directed to the appropriate person.

Kindest regards,
Wayne

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From: Wayne Roper <Wayne@SCBIO.org>
Date: Thu, 06 Jun 2013 16:19:16 -0400
To: Wayne Roper <Wayne@SCBIO.org>
Conversation: South Carolina startups get help growing great jobs
Subject: South Carolina startups get help growing great jobs

NEWS

FOR IMMEDIATE RELEASE

June 6, 2013

Contact:

Wayne Roper, President SCBIO
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South Carolina startups, entrepreneurs get help growing great jobs

The hard job of starting a business and growing great jobs would be a little easier under a measure passed by the General Assembly that offers a tax credit to investors in South Carolina innovation businesses, said Tom McLean, chairman of the South Carolina Biotechnology Industry Organization (SCBIO) Thursday.

“The General Assembly has helped small businesses be competitive with neighboring states in attracting private investment off the sidelines and into the South Carolina economy,” said McLean, who leads the business association that represents innovators and manufacturers of medicines, pharmaceuticals, medical devices and medical equipment.

The measure passed by the General Assembly Wednesday to be sent to the governor gives private investors into qualified high technology and innovation-based startups a 35% tax credit. The credits would have to be repaid, if the startup eventually creates a gain.

Roughly 26 states have a similar credit.

"This will not cost the state a penny. In every state where this is enacted, it brings more revenue to the state and attracts further investment," McLean said.

"This is critical to fueling the job generators of the state who are working tirelessly to grow the next great companies and great jobs right here in South Carolina," said Wayne Roper, President of SCBIO.

The measure is not industry or sector specific and enjoyed broad support from business and chamber groups from Greenville, Columbia and Charleston and including the State Chamber of Commerce, along with Upstate Carolinas Angel Network and Charleston Angel Partnership.

"This is ultimately about entrepreneurs – helping them find access to extremely scarce capital so they can build successful businesses," said Mark Cothran, Vice President of Public Policy for the Upstate Chamber Coalition. "This week, our state legislature took a huge step in leveling the playing field. We look forward to continuing to work with our elected officials to ensure we create a highly competitive entrepreneurial ecosystem in South Carolina."

Research has shown South Carolina ranks near the top in starting new businesses but near the bottom in access to capital to fund them. High-growth startups are responsible for two-thirds of new net job creation, according to the Kauffman Foundation.

Drawing private funding from the state's potential 100,000 investors could generate \$57 million in private funding for new innovation businesses.

The investors would have to register with the state and are often called "angel investors" because such investment in innovation is high risk and no other source of financing is available.

"Without angel capital, we would still be like many good ideas: still on paper on a shelf," said Steve Johnson, CEO of CreatiVasc of Greenville. "Angel funding provided the critical infusion that has taken CreatiVasc to where it is today: one of three companies selected by the FDA to fast track as a medical breakthrough."

Innovation-based businesses that succeed tend to grow faster and pay higher wages than the economy as a whole. Life Science-based businesses pay 84% higher than the state average.

In Wisconsin, a similar credit in 2005 has caused the number of investment groups to jump from five to 23 and attracted more than \$141.5 million in private investment after three years. By 2011, direct investment had ballooned to \$61 million.

In Minnesota, a 2010 investment tax credit drew \$63 million in additional investment, far more than the \$15.8 million in tax credits.

The measure provides:

- A state income tax credit of 35% of investments in qualified startups that can be transferred and carried forward 10 years.
- An annual cap of \$100,000 per investor and \$5 million total in the state
- For qualified businesses to have been organized within the last 5 years; have fewer than 25 employees and annual revenues of less than \$2 million.

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SCBIO is a member-driven organization representing the life sciences industry. They include those companies and organizations that innovate and manufacture medicines, pharmaceuticals, medical devices, medical equipment, diagnostics, agricultural bio and bio fuels. About 15,000

South Carolinians are employed in 900 biomedical businesses in South Carolina.

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