



Legislation Details (With Text)

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Title: Resolution calling upon the New York State Legislature to allow New York City to create a seed stage investment tax credit for technology companies.

Sponsors: Lewis A. Fidler, Letitia James, Michael C. Nelson, Daniel J. Halloran III, Peter A. Koo

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Res. No. 61

Resolution calling upon the New York State Legislature to allow New York City to create a seed stage investment tax credit for technology companies.

By Council Members Fidler, James, Nelson, Halloran and Koo

Whereas, A seed stage company is typically in its early operational stage where it has little or no revenue and has not yet fully established commercial operations, and may also require continued research and product development; and

Whereas, The availability of seed stage capital is critical to the growth of a startup business; and

Whereas, During the seed investment stage, sources of funding may come from grants, loans, corporations, family, and friends; and

Whereas, Despite the critical importance of seed stage capital, the national trend has been for investors with larger investments of \$2 million or more, such as angel investors and venture capitalists, to fund startup companies in the later stage of development; and

Whereas, Among small businesses, technology startups, of which many are in the seed stage, can be especially valuable as a source of job creation, due to their potentially fast trajectory of growth; and

Whereas, The increase in post-seed investment funding for technology startup companies has become a notable trend within the past decade, and ultimately, has created a significant gap in funding for such seed stage companies; and

Whereas, In addition to seed funds and loan programs, states throughout the country have implemented tax credits to attract or retain investment capital for startups; and

Whereas, Tax credits encourage more entrepreneurial activity for small businesses and startups; and

Whereas, Seed stage investment tax credits would help to increase the availability of early stage capital, particularly for technology startups; and

Whereas, A seed stage investment tax credit in New York City would encourage investors to fund technology startups in the early stage and increase early stage capital for such companies; and

Whereas, Often times, small investments in this sector can reap significant benefits in terms of job growth in the City; and

Whereas, Tax credits would benefit early stage investors with smaller investments who contribute to startup technology businesses based in New York City; and

Whereas, New York City requires a strong infrastructure for entrepreneurship in the technology sector; and

Whereas, State legislation allowing New York City to create a seed stage investment tax credit would help to increase the number of technology startups and enable the City to create competitive markets in existing and emerging technologies; and

Whereas, If the number of technology startups is severely constricted due to the lack of early stage funding, then it is unlikely that such companies will emerge in New York City as major contributors to the local and global economy; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to allow New York City to create a seed stage investment tax credit for technology companies.

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5:00 p.m.
TC