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PHILLIPS LEADS BIPARTISAN BILL TO SPUR INNOVATION, PROTECT VULNERABLE STARTUPS

WASHINGTON, D.C. – Today, Reps. Dean Phillips (D-MN) and Jackie Walorski (R-IN) introduced the IGNITE American Innovation Act, a bipartisan bill to provide relief for startup businesses that were ineligible for other types of aid passed by Congress in response to the COVID-19 pandemic.

U.S. startups are some of the most innovative firms in the world, and for the past year many have been working on products to fight the COVID-19 crisis and future pandemic threats. Phillips’s IGNITE American Innovation Act will allow small and mid-size businesses left out of the CARES Act to access fast and efficient capital, so that they can continue that important work and accelerate our nation’s recovery.

“The Great Recession did severe and lasting damage to American entrepreneurship,” said Rep. Phillips. **“We cannot and must not allow the COVID-19 pandemic to do the same. This bipartisan bill will deliver long-overdue relief to our nation’s innovators and ensure that they continue to develop the lifesaving and game-changing technologies our economy and communities rely on.”**

“High-tech innovators like medical device manufacturers in northern Indiana will be vital to rebuilding our economy after the COVID-19 pandemic,” Congresswoman Walorski said. **“Providing tax relief to cutting-edge startups is a commonsense way to ensure they can continue to develop life-saving technologies, discover treatments and cures, and create good jobs. I’m grateful to work across the aisle to boost small and mid-size businesses and drive innovation when we need it more than ever.”**

Specifically, the IGNITE American Innovation Act would:

- Allow growth companies to monetize up to \$25 million of accumulated net operating losses (NOLs) and R&D credits
- Double the value of R&D credits generated by research into products to prevent, diagnose, or treat COVID-19 and future pandemic threats

Rep. Phillips’s bill is already being praised by Minnesotan and national innovators:

- **Mark Leahey, President and CEO of the Medical Device Manufacturers Association (MDMA):** “MDMA thanks Congressman Phillips and Congresswoman Walorski for their ongoing bipartisan leadership to provide support and resources for medical technology innovators who are dedicated to develop the cures, diagnostics and therapies

of tomorrow. As the medtech ecosystem continues to confront COVID-19 and the numerous other challenges facing patients and physicians, the ‘IGNITE Act’ would provide some of the critical liquidity that is needed to do so.”

- **Peter Chandler, TechNet’s VP of Federal Policy & Government Relations:** “Startups are the lifeblood of our economy. They have the highest potential for job growth and create jobs at faster rates than older companies. As we begin the next phase of our post-pandemic recovery, startups will play a critical role in creating jobs and growing our economy. The IGNITE Act would provide an immediate boost to startups, giving them the liquidity needed to hire talent and invest in innovation. This bill will help boost our economic recovery and strengthen America’s position as a global leader.”
- **Bobby Franklin, President, National Venture Capital Association:** “IGNITE will accelerate investments in startup ecosystems across the country to power the jobs and economy of the future. This bipartisan legislation will provide immediate liquidity to our most innovative companies that must be used to finance job creation, R&D, or facility construction, creating more economic opportunity, and boosting American competitiveness.”
- **Bobby Patrick, Medical Alley Association Vice President of Strategic Growth and Policy:** “We are grateful for U.S. Rep. Phillips’s continued leadership and advocacy for the health technology and care industry and small businesses located in Medical Alley”, said Bobby Patrick, Vice President of Strategic Growth and Policy for the Medical Alley Association. “At a time when innovation in therapeutics and care delivery is desperately needed, patients throughout the country are fortunate to have U.S. Rep. Phillips working to ensure continued development of, and access to, these products.”
- **John Dearie, President, Center for American Entrepreneurship:** “CAE applauds the re-introduction of the IGNITE American Innovation Act and thanks Reps. Dean Phillips (D-MN) and Jackie Walorski (R-IN) for their continued leadership on this critical issue,” said John Dearie, president of the Center for American Entrepreneurship. “In addition to its devastating toll in human lives, the Covid-19 pandemic inflicted a devastating blow to the U.S. economy, forcing the permanent closure of hundreds of thousands of businesses and destroying millions of jobs. As the nation emerges from the crisis, accelerating economic growth and job creation is the top domestic policy priority. Innovative startups will play a major role in this effort. Repeated research has demonstrated that startups account for a disproportionate share of the innovations that drive economic growth and job creation. But to succeed, startups need capital. The bipartisan IGNITE American Innovation Act is critical to ensuring that the nation’s startups have the capital they need to drive the post-Covid recovery. Because most startups remain “pre-revenue” for a number of years after they launch, they have no income tax obligation against which to write-off valuable tax assets like net operating losses and research and development tax credits – which existing businesses are able to monetize by reducing their income tax liability. The IGNITE American Innovation Act would amend the tax code to allow high-growth startups to monetize up to \$25 million of these tax assets, providing additional liquidity to fuel their success. The Act is an essential element of America’s strategy of innovation-driven economic revitalization.”
- **Pat Gouhin, CEO, Angel Capital Association:** “As an accomplished entrepreneur, Congressman Dean Phillips (D-MN) understands the challenges facing early-stage companies as they try to raise capital to grow. The IGNITE Act helps to solve that

problem by allowing early-stage companies to monetize their losses and re-direct money raised from investors into research and development. The IGNITE Act will help fast growing early-stage companies raise critical capital to become the job creators of tomorrow. The Angel Capital Association applauds Congressman Phillips and Congresswoman Jackie Walorski (R-IN) for their hard work and leadership for America's start-up companies.”

- **Jennifer Grundy Young, CEO, Technology Councils of North America:** “In many cases startups are financially fragile and are assuming significant risk – risk that could result in solving critical problems. It is important to have policies, like the IGNITE Act, in place to ensure start-up, growing companies are well capitalized to advance important research and development. We look forward to working with congressional members to advance this important legislation.”
- **Cameron Arterton, Biotechnology Innovation Organization’s Vice President, Tax Policy:** “BIO is pleased to support the reintroduction of the IGNITE American Innovation Act which will provide immediate liquidity to our emerging biotechnology companies and be used to support R&D, innovation, and job creation. We want to thank the sponsors for their attention and work on this important piece of legislation.”
- **Scott Whitaker, President and CEO, Advanced Medical Technology Association:** “Investment in innovation is investment in a better future for all of us. But investment in innovation can be difficult, especially for small and start-up companies and especially in the wake of the COVID-19 pandemic. Smart policy, like the IGNITE American Innovation Act, can help ease entrepreneurs’ path to success, which, in turn, can help speed people’s access to that success. For medtech, that means access to life-saving treatments and cures. We’re proud to join the American Startups and Job Growth Coalition in urging Congress to pass IGNITE.”

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