



Support IGNITE American Innovation Act - H.R. 7917

ISSUE:

Startups and growth companies are a unique business model, smaller businesses who focus on growth activities such as research, workforce expansion or facility build-out, eschewing short-term profits for the goal of creating long-term value. This model has been responsible for significant amounts of our net new jobs, as well as new industries such as computer hardware and software, and biotechnology. Today, many of these companies are working on next generation technologies such as quantum computing, machine learning, next generation biotechnology, clean energy and advanced manufacturing.

Because expenses generally exceed revenues for many years, growth company activities generate tax assets during this time. Longstanding tax policy has allowed companies to carry forward many of these assets until they become profitable. This is to ensure that expenses for projects, which need many years to develop, are not treated worse than expenses for short-term projects.

BILL SUMMARY:

The bipartisan *IGNITE American Innovation Act*, introduced by Representatives Dean Phillips (D-MN) and Jackie Walorski (R-IN), will allow small and mid-size companies who weren't able to utilize the *CARES Act* tax provisions to monetize up to \$25 million accumulated tax assets. In addition, the bill will provide a bonus for tax assets generated by research and production of products that will prevent, diagnose, and treat COVID-19.

Specifically, the bill would:

- Allow growth companies to monetize up to \$100 million worth of accumulated net operating losses (NOLs) which were generated within the previous five years at the 21 percent corporate rate;
- Double the value for NOLs generated by products to prevent, diagnose, or treat COVID-19;
- Allow growth companies to monetize R&D credits;
- Double the value of R&D credits generated by research into products to prevent, diagnose, or treat COVID-19.

Eligible companies are C corporations with fewer than 1500 employees who did not monetize tax assets under the *CARES Act* NOL provision. The maximum benefit any company could receive would be \$25 million, in line with the liquidity provided by the *Main Street Loan Program*.

ACTION NEEDED:

Cosponsor the *IGNITE American Innovation Act*, H.R. 7917. COVID-19 continues to cause severe disruptions for countless innovators, including smaller life sciences companies. This legislation will provide some of the liquidity needed to help these enterprises stay afloat, continue important research, and retain their workforce - collectively bolstering our nation's medical innovation ecosystem. While BioUtah appreciates Congress' unprecedented efforts to provide relief to businesses, the existing liquidity programs are inaccessible for many emerging companies. The *IGNITE American Innovation Act* would go a long way towards saving jobs and preserving the engines of innovation that will produce the new technologies, treatments, and cures for the future.