



National Venture Capital Association

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MORE THAN 1700 STAKEHOLDERS FROM VC AND START-UP COMMUNITIES URGE U.S. SENATE TO PROTECT VENTURE CAPITAL CARRIED INTEREST

Letter Asserts that Changing Tax Status for Venture Capital Industry will Harm Job Creation and Innovation

May 11, 2010, Arlington, VA - The National Venture Capital Association (NVCA) today delivered to every U.S. Senator [a letter signed by more than 1700 stakeholders](#) from the venture capital and start-up communities urging legislators to maintain capital gains tax treatment for venture capital carried interest. The Senate is currently considering a proposal to change the tax status of carried interest to ordinary income rates in order to pay for the one-year 2009 Tax Extenders Act, which is in need of offsetting revenues. Such a proposal would penalize venture capitalists who earn carried interest when they build successful companies and create jobs for the long term.

The letter states:

Companies currently receiving venture financing employ more than half a million people in our country today. These companies have added thousands of new positions each month throughout the recession and will continue to do so. And that is only the beginning of the story as public companies that were originally funded with venture capital account for 11 percent of America's workforce. It is an economic engine that has worked for all our citizens and is the envy of the global economy.

“We understand lawmakers’ need for fiscal responsibility, but removing a tax incentive that supports long term investment of venture capital is at cross purposes with Congress’s goal of rebuilding the national economy,” said Mark Heesen, president of the National Venture Capital Association. “As more than 1700 VCs, entrepreneurs and concerned citizens will attest, a change in venture capital carried interest will result in less venture investment in U.S. start-ups and fewer new jobs. If venture capital investment disappears, there is no other asset class which will fill this void,” Heesen added.

The letter which has signatures from more than 40 states specifically asks the Senators “*to maintain the current capital gains tax incentive for venture capital carried interest*” and “*take ‘less’ out of ‘jobless recovery’-- by supporting company formation, innovation and economic growth in the U.S.*”

About the National Venture Capital Association

The National Venture Capital Association (NVCA) represents more than 425 venture capital firms in the United States. NVCA's mission is to foster greater understanding of the importance of venture capital to the U.S. economy and support entrepreneurial activity and innovation. According to a 2009 Global

Insight study, venture-backed companies accounted for 12.1 million jobs and \$2.9 trillion in revenue in the United States in 2008. The NVCA represents the public policy interests of the venture capital community, strives to maintain high professional standards, provides reliable industry data, sponsors professional development, and facilitates interaction among its members. For more information about the NVCA, please visit www.nvca.org.