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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG


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MEMORANDUM

TO: All House Members

FROM: Representative Michael F. Gerber 

DATE: June 7, 2011

SUBJECT: Co-sponsorship: PA Venture Capital Fund

In the near future, I plan to introduce legislation that would create the Pennsylvania Venture Capital Fund (“PVCF”) and the Pennsylvania Venture Capital Authority (“PVCA”), with a goal of increasing the amount of private investment capital available in the Commonwealth for Pennsylvania-based businesses in the seed or early stages of development. This concept is based on an extremely successful Ohio program that has produced impressive returns without burdening their state with additional debt. The Ohio effort has resulted in \$150 million in private investments to 35 companies and over \$6 billion in economic impact – a remarkable 9:1 return on investment. Under the program, Ohio has increased its investments in seed and early stage companies by 50 percent despite the recession, which has caused a 20 percent drop in such investments nationwide.

Under this legislation, the PVCA would raise \$150 million in private monies, 75 percent of which must be invested in Pennsylvania based venture capital companies. In turn, those venture capital companies must invest at least 50 percent of their fund in Pennsylvania-based businesses. The role of the Commonwealth would be limited to facilitating the formation of the fund of funds and offering very limited tax credits as a protection against future fund losses.

We must be strategic and forward thinking to help Pennsylvania through this recession. This program would create an entrepreneurial climate that will lead to significant job growth without burdening our taxpayers.

A recently completed Brookings Institute report concluded that public/private venture capital funds are a strong tool for manufacturing-based “rust belt” states trying to transform themselves into knowledge-based states with strengths in the life science, bio-tech and information technology fields. This is tailor made for Pennsylvania.

If you have an interest in cosponsoring this jobs legislation please contact, Melanie Brown, mabrown@pahouse.net or (717) 787-9475. We look forward to your support.