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Treasury Announces Eleven Additional States to Receive up to $1 Billion from U.S. Treasury Department to Promote Small Business Growth and Entrepreneurship through the American Rescue Plan

Alaska, Idaho, Iowa, Massachusetts, Minnesota, Missouri, Nebraska, Nevada, New Mexico, Ohio, and Utah Approved to Receive Federal Funding Through the State Small Business Credit Initiative

WASHINGTON – Today, the U.S. Department of the Treasury announced the approval of 11 additional state plans for up to $1 billion in funding under the State Small Business Credit Initiative (SSBCI). Treasury has now announced the approval of 31 state plans for approximately $4.8 billion in SSBCI funding.

"This is an historic investment in entrepreneurship, small business growth, and innovation through the American Rescue Plan that will help reduce barriers to capital access for traditionally underserved communities," said Secretary of the Treasury Janet L. Yellen. "I'm excited to see how these SSBCI funds will promote equitable economic growth across the country."

The American Rescue Plan reauthorized and expanded SSBCI, which was originally established in 2010 and was highly successful in increasing access to capital for small businesses and entrepreneurs. The new SSBCI builds on this successful model by providing nearly $10 billion to states, the District of Columbia, territories, and Tribal governments to increase access to capital and promote entrepreneurship, especially in traditionally underserved communities as they emerge from the pandemic. SSBCI funding is expected to catalyze up to $10 of private investment for every $1 of SSBCI capital funding, amplifying the effects of this funding and providing small business owners with the resources they need to sustainably grow and thrive.

A White House report found that more Americans are starting new businesses than ever before. In 2021, Americans applied to start 5.4 million new businesses – 20% more than any other year on record. Small businesses with fewer than 50 workers created 2.8 million jobs in 2021 – the highest rate of small business job creation ever recorded in a single year. The investments being made through SSBCI are a key part of the Biden Administration's strategy to keep this small business boom going by expanding access to capital and by providing entrepreneurs the resources they need to succeed. The work Treasury has done through the implementation process to ensure SSBCI funds reach traditionally underserved small businesses and entrepreneurs will also be critical to ensuring the small business boom continues to lift up communities disproportionately impacted by the pandemic. Treasury intends to continue approving state plans on a rolling basis.

The following descriptions highlight some of the key programs that Treasury has approved for these states:

- **Alaska**, approved for up to $59.9 million, will help lenders provide new funding opportunities for Alaskans in the commercial fishing, mariculture, manufacturing and tourism and other sectors with capital needs. Alaska will operate four programs, including one loan guarantee program (LGP) to which they have allocated $32 million. The LGP helps ensure capital goes to those small businesses facing lower than usual revenues, making it difficult for those businesses to meet lenders' minimum criteria for risk assessments. In addition to the LGP, Alaska will run a loan participation program (LPP) to which it allocated $15.9 million and that is focused on lowering interest rates and extending loan terms to keep monthly payments low and allow businesses to join in the economic recovery. Alaska allocated $10 million to its equity/venture capital (VC) program which will make investments in venture capital funds targeting high-growth maritime businesses related to the commercial fishing and mariculture industries, construction or logistics businesses, and scalable tourism-related companies. Finally, Alaska allocated $2 million to its collateral fund program that enables lenders to lend to higher-risk industries and businesses using the SSBCI funds as collateral to offset their exposure. The impact of Alaska's programs is expected to be greatest in rural and remote communities that have struggled to attract capital in commercial fishing and mariculture, manufacturing, and tourism sectors with high upfront capital costs.

- **Idaho,** approved for up to $65.6 million, will operate two programs: a collateral support program (CSP) and a loan participation program. The LPP, allocated $26 million, will originate companion loans used to help fill the gap needed to secure senior loans from banks, institutional lenders, and credit unions. Idaho estimates that the program will support 346 loans, generate approximately $67 million in private financing, and create or retain 497 jobs. The CSP, allocated over $39 million, will expand access to capital for underserved communities by working closely with established lenders and a CDFI that is established in underserved communities and small businesses in Idaho.

• **Iowa**, approved for up to $96.1 million, will operate four programs, including two venture capital programs, to which they have allocated $53 million. The programs are designed to invest in seed/early-stage startups raising seed through Series A investment rounds and provide low-interest loans to pre-seed, seed, and early-stage startups raising equity capital from primarily angel investors but also VC investors. One of the goals of the programs is to help retain high-potential Iowa startups that might otherwise relocate to areas with greater access to VC investment. In addition to these two programs, Iowa will run a collateral support program that is allocated $15.1 million and is focused on facilitating loans to underserved small businesses. The last program, a loan participation program to which Iowa allocated $28.0 million, provides small manufacturers access to funding for automation, robotics, and specialized hardware to increase productivity. This program is particularly significant to rural-area manufacturers, which make up over half of the manufacturers in the state.

• **Massachusetts**, approved for up to $168.5 million, will operate five programs: two loan participation programs, two loan guarantee programs, and a venture capital program. Massachusetts's $30 million venture capital program, administered by MassVentures, provides pre-seed, seed, seed-extension and early-stage venture capital equity investments in Massachusetts-based technology companies. MassVentures focuses its investment support on underserved founders, including women, Black, and Latinx founders or those based in underserved regions, which MassVentures defines as areas outside the Boston/Cambridge region. MassVentures typically invests up to $2 million in any one company across multiple funding rounds, where MassVentures is often the first venture firm to commit to a funding round after supporting the founders with technical assistance.

• **Minnesota**, approved for up to $97.0 million, will operate six programs. Minnesota will operate a new loan participation program with an allocation of $12.5 million that provides loans to Minnesota businesses purchasing machinery, equipment, or software to increase productivity and automation. In addition, Minnesota allocated $12.5 million to a multi-fund program, the Growth Loan Fund, that will invest in Minnesota-based venture capital funds that will target seed and early-stage investments in Minnesota start-ups related to key sectors, such as information technology, software, life sciences, agriculture, clean technology, and manufacturing. Two additional venture capital programs, administered by the University of Minnesota Office of Investments and Banking, have a combined allocation of $34.5 million. The funds provide equity support to small businesses by co-investing in early-stage funding rounds alongside private investors and to small businesses by investing SSBCI capital in venture capital funds.

• **Missouri**, approved for up to $94.8 million, will operate a venture capital program, IDEA Fund, managed by the Missouri Technology Corporation. The program provides equity or equity-like co-investment (convertible notes) alongside primarily angel investors or venture capital funds. The IDEA Fund targets companies based on their stage of development: pre-seed companies, seed-stage companies, and venture-stage companies with an established private venture capital fund identified as a lead investor.

• **Nebraska**, approved for up to $64.0 million, will operate two programs: a loan participation program and a venture capital program, each allocated $32 million. The LPP will provide companion loans for up to 50% of the principal loan amount through the Nebraska Growth Loan Fund. The venture capital program will provide direct investments through seed and Series A investment rounds. The program is a direct investment model with a focus on underserved small businesses. The $32 million venture capital program will support companies through the Nebraska Seed and Development Fund.

• **Nevada**, approved for up to $112.9 million, will operate five programs: a collateral support program, three loan participation programs, and a venture capital program. The LPPs have combined funding of over $66 million, and the state estimates they will directly result in the creation of over 2,000 jobs. They include a program to fund energy and water efficiency capital improvements in commercial properties, a program that will support debt financing for small enterprises and manufacturers by purchasing participations in loans over $250,000 from commercial banks and credit unions, and a program aimed at strengthening the state's CDFIs by purchasing participation in loans of less than $250,000.

• **New Mexico**, approved for up to $74.4 million, will operate two programs: a collateral support program and an equity capital program. New Mexico allocated over $65 million to a new equity/venture capital program designed to provide equity support to small businesses by committing capital to private VC funds, including those targeting early-stage companies.

• **Ohio**, approved for up to $182.3 million, plans to operate one loan participation program, one collateral support program, and two venture capital programs. For example, Ohio allocated $75 million to the Ohio Venture Fund which will focus on developing local investment funds, support emerging fund managers, and stimulating growth-stage investments in innovative startups. Ohio will also operate multiple programs intended to increase lending to small businesses, including in underserved communities in urban and rural Ohio.

• **Utah**, approved for up to $69.0 million, will operate three programs: a loan participation program, a loan guarantee program, and a capital access program (CAP). Utah allocated $27.6 million to the LPP, which will provide companion loans to enable greater extension of credit and lower blended interest rates for small business borrowers. Utah allocated $31.1 million to the LGP, which provides loan guarantees of up to 80% so lending partners can broaden their reach and expand access to credit.