

## Appendix J: State investment fund and commercialization programs for startups

---

Half of states have investment funds similar to the GAP Funds program while over 30 have commercialization grant programs.

### Investment funds

Half of states also offer public or publicly supported private venture capital funds (Figure J-1). The first state-supported equity financing agency was the Massachusetts Community Development Finance Corporation, which was established in 1975. An inventory of such programs conducted for a prior report in this series (*Workforce and Small Business Incentives*, JLARC, 2018), indicated that 28 states (including Virginia) had such programs, of which 22 states had direct investment or co-investment programs. The U.S. Department of Treasury indicated that it had provided nearly \$450 million in assistance for 38 state venture capital programs, although some of these funds were “fund of funds” and some are no longer active because they effectively discontinued issuing investments after the U.S. Department of Treasury SSBCI funds were exhausted (2016).

These direct and co-investment funds differ in several ways, including investment phase focus, sectoral strategy, form of investment, and size of investment. While nearly all invest at the seed stage, several funds allow pre-seed investments, and several provide venture Series A and B investments. Funds also generally restrict their investments to state-designated high technology industries, though some make investments in a broader array of mainly export-base sectors. Investment caps per firm range from less than \$100,000 to several million dollars. Funds restrict their investments to startups and other companies with strong growth potential that meet the usual criteria of venture capital (VC) fund investments (e.g., strong management team, proprietary technology, and significant market opportunity). It is difficult to identify state funding commitments for the funds in the same manner as tax expenditures for investment tax credits since funds can be drawn from various sources (e.g., state appropriation, borrowing, and tax credits) or sometimes be comingled with private funds. The funding awarded varies based on the number, size, and quality of equity investment opportunities that exist.

### Commercialization grant programs

The vast majority of states provide either outreach, proposal assistance, or grant financial matching incentives to SBIR/STTR applicants and awardees (Figure J-2). Twenty-two states currently provide “Phase 0” services, which typically include training in submitting an application, mentoring, and reviewing proposals. In addition, firms may receive a relatively small financial stipend to assist in submitting the proposal. New York was the first state to adopt a SBIR match program in 1984, followed by Hawaii and Oklahoma in 1989. The next upswing in state policy adoption was between 2000 and 2011 when the federal government reauthorized the SBIR/STTR programs. By 2013, 17 states had state match programs. Virginia’s program was authorized during the 2009 session but did not receive an appropriation and begin making awards until FY12. According to the most recent SBIR/STTR inventory, 26 states provided financial match programs in 2020. These included 26 states that provide Phase I matching and 21 states that provide matching for both Phase I and II. (Phase I awards are for concept development and Phase II awards further support prototype development.) The matches vary

in size, with the Phase I awards ranging from a low of \$10,000 (state list) to a high of \$500,000 with a median value of \$50,000. Phase II awards range from a low of \$25,000 to a high of \$500,000 with a median value of \$100,000.

At least a dozen states also offer broader commercialization grant programs similar in scope to the commercialization component of CRCF. This program count may significantly underestimate the number of states where commercialization funding is available. Many pre-seed and proof of concept financial support programs can be found at the institutional level, including universities and systems of public higher education. This is also true in Virginia, where several independent programs operate, such as Ivy Biomedical Innovation Fund (University of Virginia), Commonwealth Research Commercialization Fund (Virginia Tech), and Commercialization Fund (Virginia Commonwealth University). University proof of concept centers are fairly common and began to grow rapidly beginning around 2007.

**TABLE J-1**  
**State investment fund programs**

State	Program name	Program description	Eligibility requirements
Arkansas	Arkansas Venture Capital Development Fund	Provides matching investments in state technology-based companies, in various stages of growth and development, which are seeking private equity funding from angel, seed, and venture capital investors. Maximum investment amount is \$1 million per company. Minimum investment amount is \$50,000 per company.	Prior to receiving an investment commitment from the fund, the applying company shall have received investment commitments from private investors of at least 50% of the company's total capital raise. The company headquarters must be located within the state and have significant managerial and employee presence in state. An approved company shall be required to immediately repay the fund investment at the current market value of the investment if it moves its headquarters or primary employment base outside of the state. Preference may be given to applications that create or retain large numbers of high-wage, high-skill jobs in areas of high unemployment. The fund shall focus on investing in companies that operate in industries that are prominent in the state, that have been identified as target industries by the state, and/or are focus areas for research activities at the state's four-year college institutions.
	Seed Capital Investment Program	Provides working capital to help support the initial capitalization or expansion of technology-based companies located in state. The program can provide working capital up to \$500,000 of the company's total financing needs. Investments made by the fund can be repaid through a variety of instruments, including direct loans, participations and royalties.	Corporations whose principal place of business is located in state. Project is technology or science related. Business plan is fully developed and well defined. Due to conflict of interest, the Arkansas Development Finance Authority will not invest in any qualified security of any enterprise owned, wholly or partially, directly or indirectly, by any director or officer of the authority or any enterprise that employs a director of the authority.
Colorado	Venture Capital Authority	VC Authority makes seed and early-stage capital investments in eligible businesses via two funds, which are established with independently operated fund managers. The Greater Colorado Venture Fund invests in early-stage startups in rural Colorado. This fund's mission is to inspire innovation in places formerly overlooked by established venture capital firms. First Mile Ventures is focused on founder-driven businesses and seed-stage investments. This fund invests in Colorado technology businesses.	The Venture Capital Authority partners with funds that invest in seed and early-stage state businesses. The objective is to support entrepreneurship, economic diversification, and quality jobs. Company needs to be headquartered in and have principal business operations in state, commit to staying in the state for at least five years after an initial fund investment, be seeking first institutional or growth capital funding, meet the Small Business Administration's criteria for a small business, and have strong growth potential.

State	Program name	Program description	Eligibility requirements
Connecticut	Connecticut Bioscience Innovation Fund	Fund seeks to drive innovation in the biosciences in state by providing focused financial assistance to startups, early stage businesses, non-profits and accredited colleges and universities. The fund will make investments in the form of grants, equity investments and loans to speed commercialize bioscience breakthroughs to market. Startups and early-stage businesses may apply for secured convertible loans or equity. Accredited colleges and universities together with nonprofits may apply for royalty bearing grant funding up to \$500,000.	Non-profit corporations, accredited colleges and universities, for-profit start-up or early-stage businesses working in bioscience, biomedical engineering, health information management, medical care, medical devices, medical diagnostics, pharmaceuticals, personalized medicine, or other related disciplines intended to impact human health. Applicants must fulfill state presence requirements prior to funding.
	Equity Finance	Program provides equity financing and support services to businesses participating in state-run venture capital fund. Funding amount up to \$1.5 million per round and up to a maximum of \$7 million in any one company as a single investor.	Program seeks technology-based companies based in state or willing to move there. Program focuses on bioscience, IT, clean tech, photonics, and advanced materials. Program primarily examines applicants that have proprietary technology or expertise, sustainable competitive advantage, proven management team, and additional investor interest. Businesses should primarily be based in the state.
District of Columbia	DC BizCAP - Innovation Finance Program	Program provides capital to investors that co-invest with the District in start-ups and emerging companies that seek financing alternatives to traditional commercial financing. Maximum of 50% of investment up to \$500,000.	The program is open to local small businesses that: are a non-public company registered and subject to taxation in the District; have fewer than 750 existing employees; have principal offices within the District, and at least 75% of employees work in and provide services in the District; and where at least 25% of W-2 employees are District residents.
Florida	Florida Venture Capital Program	Program was created to provide funding to emerging state companies or companies locating in state with perceived long-term growth potential. All investments are vetted by professional fund managers who present viable opportunities to the fund board for review and approval. The program will target equity investments and convertible debt instruments ranging from \$1 million–\$3 million, although larger transactions may be permitted in exceptional cases.	Investment emphasis will be toward businesses within state’s targeted industries.

State	Program name	Program description	Eligibility requirements
Indiana	Indiana 21st Century Research and Technology Fund (21 Fund)	Fund helps pre-revenue or early revenue companies solve product demonstration and market penetration issues to accelerate company growth and job creation. The fund's maximum investment size is \$2 million per company. All investments are initially made in convertible debt with finalization in convertible debt or equity instruments.	Fund invests in agriculture, life sciences, information technology, advanced manufacturing or medical devices firms in the ideation or early or growth stage of development. Other requirements: (1) for-profit entity headquartered in state; (2) addressable market size over \$1 billion; (3) clear and sustainable competitive advantages such as technical superiority, (4) disruptive business models – while no technology invention is required, application of technology is usually desired to achieve such disruptive models; (5) coachable management team with strong commitment and execution capabilities; (6) willingness to work with Elevate Ventures Entrepreneurs-in-Residence toward tangible goals; and (7) achievable growth and exit strategies. Growth stage companies are primarily businesses with products or solutions already selling in the marketplace with meaningful customer traction. Companies that qualify for the fund must fulfill a co-investment requirement.
	Indiana Angel Network Fund	The fund supports seed and early investment in state-based companies alongside qualified angel investors. The explicit goal of these co-investments is to maximize private sector participation and entice follow-on private investment. To support this aim, Elevate Ventures encourages the formation and growth of a network of angel investor groups across the state by linking partnering organizations, entities, and groups to both new resources and better access to existing resources.	Companies with well-articulated market opportunities with some level of customer validation and a strong founding team fall into the early stage of development. Most often, the founders are interested in completing product development and identifying its initial product-market fit but are not yet ready for typical first institutional investment from professional venture capital firms. Companies that qualify for the fund must fulfill a co-investment requirement.
Iowa	Iowa Innovation Acceleration Fund	The fund promotes the formation and growth of businesses that engage in the transfer of technology into competitive, profitable companies that create high paying jobs. The funds are designed to support commercializing research, launching new start-ups, and accelerating private investment and industrial expansion efforts that result in significant capital investment. This is a royalty or loan award.	The fund is split into two programs: PROPEL awards up to \$300,000 to accelerate market development for companies that have critical management in place, have a validated business model, and an established customer base that's generating substantive revenue. INNOVATION EXPANSION awards up to \$500,000 to encourage expansion of product lines in companies that have a complete management infrastructure, a demonstrated historical profitability, and an established customer base. Funding provides assistance for product refinement and market expansion activities for unique, innovative and competitive products.

State	Program name	Program description	Eligibility requirements
	Iowa Demonstration Fund	The Demonstration Fund is designed to provide assistance to companies with market-ready innovative technologies or products that have a clear potential for commercial viability. It assists companies with marketing and business development activities and helps businesses with high-growth potential reach a position to attract follow-on private sector funding. Awards up to \$125,000. Funds are primarily in loans or royalty arrangements with a 1:2 (private: public) match.	State-based company with innovative technology solution; fewer than 500 employees; commitment to commercialize product(s) in advanced manufacturing, bioscience, or information technology industries; competitive and protectable product, technology, or process; product ready for market introduction (exception for bioscience and medical device requiring regulatory approval); essential management team in place (business development, financial operations, and technology).
Kentucky	Commonwealth Seed Capital LLC	This fund makes debt or equity investments in early-stage, state-based business entities.	Investments are typically made in these specified innovation areas: health and human development; information technology and communications; bioscience; environmental and energy technologies; and materials science and advanced manufacturing. Fund invests in companies that have a significant state presence, the prospect for substantial growth, and the potential to generate an appropriate rate of return.
	Kentucky New Energy Ventures Fund	The fund provides seed stage capital to support the development and commercialization of alternative fuel and renewable energy products, processes, and services in the state. Fund makes grants of \$30,000 and investments ranging from \$250,000 to \$750,000. Company must match the grant 1:1 through cash or in-kind services. Companies must match the fund's investment on a 1:1 dollar ratio. Funds may be invested via convertible note or through direct stock.	Must be state-based and have 150 or fewer employees. Must be developing/commercializing alternative fuel and renewable energy products, processes, and services. The fund will provide support for companies developing and commercializing products in the following areas: alternative transportation fuels produced from coal, waste coal, biomass, or extract oil from oil shale, synthetic natural gas, ethanol produced from food crops or cellulosic ethanol, and any other fuel that is produced from a renewable or sustainable source.

State	Program name	Program description	Eligibility requirements
Maine	Maine Venture Fund	Fund invests in state-based companies that demonstrate a potential for high growth and public benefit. It focuses exclusively on investing in promising growth companies. It considers state-based companies in almost all industry sectors, though the return potential of the investment must be high enough to justify the risk taken.	A company must meet the following threshold criteria to be considered for an investment: (1) have significant operations in state, (2) employ 50 or fewer people or have gross sales of \$5 million or less within the past 12 months, (3) provide evidence of the need for financial assistance to realize its projected growth and achievement of public benefit, including but not limited to state job growth and retention, (4) receive co-investment in an amount at least equal to the investment amount sought from the fund, (5) demonstrate a viable plan for providing a return on investment for the fund and other investors. The fund looks for companies with an experienced management team, unique product in a strong market, compelling value proposition, scalable business model, and clear & realistic exit strategy.
Maryland	Maryland Venture Fund	Funds will be used to help finance traditional stage businesses in industries including life sciences, information technology, and clean energy.	Firms will be selected based on their management structure, investment strategy, experience working with state businesses, and commitment to making sound investments. Businesses must: have principal business operations in the state and remain there after receiving an investment; have fewer than 250 employees; and use the funds to support existing operations or establish and support new businesses.
Massachusetts	Early Stage Fund	Fund focuses on Series A investments and considers occasional and opportunistic seed rounds. The first round program provides initial investments of \$250,000 to \$500,000 in Series A equity capital with the potential for follow-on funding. Fund frequently invests in companies that are not adequately supported by traditional angel and venture capital because: (1) industry market segments are not adequately served by the venture community, (2) the company is led by a first-time CEO or founder, (3) the company is too early to attract significant angel or venture financing, or (4) the company is seeking funding amounts that do not fit the traditional angel, angel group, or venture capital model.	Companies seeking funding must be technology-driven and have: (1) significant presence in states; (2) capital efficient business model; (3) market opportunity that will support significant growth; and (4) compelling investment thesis and value proposition.

State	Program name	Program description	Eligibility requirements
	MassCEC Investments Program	This program makes equity investments in the state based clean tech companies. Equity investments average approximately \$500,000 in a Seed, Series A, or Series B financing round, with venture debt investments of \$100,000 to \$1 million.	The company must have a majority of the following offices based in state to have a significant state presence—company headquarters, primary research and development operations, primary sales and marketing office, primary manufacturing operations. Applicants must fit definition of clean energy.
Michigan	Invest Michigan! Growth Capital Program	The program is an initiative that makes capital available to successful entrepreneurs who create jobs in the state. Investments are made across a broad range of industry sectors and investment stages, ranging from early-stage venture through mature companies. Growth capital investments are made across a broad range of sectors in companies with enterprise values of less than \$200 million. The funds are co-managed by Beringea, a Michigan-based venture capital firm experienced in geographically targeted investment programs, and GCM Grosvenor Private Markets.	The program invests in companies with enterprise values of less than \$200 million and one of the following characteristics: (1) domiciled in the state; (2) corporate headquarters in state; (3) significant percentage of their employees based in state; or (4) are in the process of planning an expansion in and/or relocation to the state. Prospective portfolio companies must be growth-oriented businesses, have talented managers, be at or near profitability, and may participate in a range of dynamic sectors, including but not limited to: (1) advanced materials and manufacturing; (2) health care and life sciences (excluding pharmaceuticals); (3) media and communications; (4) specialized consumer goods; (5) homeland security; and (6) IT and clean technology.
	Invest Michigan! Mezzanine Fund	The fund provides flexible funding options and value-added assistance to help companies reach their corporate goals. Investments are made across a broad range of sectors, including industrial manufacturing, business services, health care, technology, and consumer products. The InvestMichigan! Mezzanine Fund is managed by GCM Grosvenor Private Markets and Beringea.	Must be headquartered in state, have significant presence in state, and plans for expansion. The InvestMichigan! Mezzanine Fund invests \$5–\$15 million in cash flow-positive companies, with revenues in excess of \$20 million and EBITDA in the range of \$3–\$15 million.



State	Program name	Program description	Eligibility requirements
Michigan	Pre Seed fund 3.0	<p>The program is a pre-seed fund that invests in Michigan tech startups to help commercialize innovative technologies. It supports entrepreneurs and technology startups across Michigan through capital support, coaching, assistance with grant funding, and more. Areas of investment include: advanced automotive and mobility; advanced manufacturing and materials; agricultural processing technology; alternative energy; homeland security and defense technology; information technology; life sciences, therapeutics, and medical devices; and other innovative technologies. Investment size of \$50,000 to \$150,000 per transaction. \$250,000 total per portfolio company.</p>	<p>Company founded less than 7 years ago. Majority of full-time employees based in state.</p>
Missouri	Missouri IDEA Funds	<p>The funds promote the formation and growth of businesses that engage in the transfer of science and technology into job creation. The funds provide financing to eligible businesses through four components that correspond to the four stages of growth for investment-grade high growth businesses: (1) pre-seed capital stage financing; (2) seed capital stage financing; (3) venture capital stage financing; and (4) expansion-stage debt.</p>	<p>(1) Pre-seed funding is designed to help high-tech entrepreneurs overcome the principal challenges of launching new start-ups that leverage discoveries and talent at the state's public and private research universities and other research organizations. Individual awards do not exceed \$100,000. Awards will be in the form of equity or convertible debt. (2) Seed Capital Co-Investment Fund is designed to accelerate private investment in state-based start-up companies and to increase the overall investment impact. Individual awards will not exceed \$500,000. (3) Venture Capital Co-Investment Fund is designed to accelerate private investment in state-based start-up companies and to increase the overall investment impact. Individual awards do not exceed \$2.5 million. Awards will be in the form of equity or convertible debt. (4) High-Tech Industrial Expansion Fund supports industrial expansion efforts in state that result in significant capital investment and high-paying jobs in its targeted biotech and high-tech clusters with an emphasis on those that leverage the state's agricultural history. Individual awards do not exceed \$3 million. Awards are typically in the form of a secured low-interest loan.</p>
Missouri	TechLaunch	<p>The program was created to support state's early-stage, entrepreneurs developing technologies, and creating jobs across state. Program supports technology startups through matching equity or convertible debt investments up to \$100,000 for the purpose of technology and business development.</p>	<p>Firm must be based in state; have a proprietary or protectable intellectual property; be in the pre-seed financing stage; have, at the time of closing, an actual third party dollar-for-dollar matching investment for funds; and fit into at least one of five focus areas: animal health, plant science, biomedical science, applied engineering (software), and defense and homeland security.</p>

State	Program name	Program description	Eligibility requirements
	Seed Capital Co-Investment Program	The program was created to support state's early-stage entrepreneurs in developing technologies and creating jobs across the state while positioning companies for future venture capital investment. The fund supports technology startups through matching equity or convertible debt investments up to \$500,000 for the purpose of technology and business development.	To qualify for an investment, a company must: be based in state; have a proprietary or protectable intellectual property; be in the seed financing stage; have, at the time of closing, an actual third party dollar-for-dollar matching investment for funds; fit into at least one of five focus areas—animal health, plant science, biomedical science, applied engineering (software), and defense and homeland security; and complete the application process.
Nebraska	Nebraska Seed Fund	The fund provides seed funding to eligible high-growth companies in the state. Seed-stage investments can be up to \$500,000 per project. The funding must be for the commercialization of a prototype or process from a business or individual operating in state. A business plan stating potential sales and profit projections for the product or process must be submitted. Applicants must provide matching funds equal to 100% of the amount of the investment.	High growth companies in the state are eligible for the fund when the company: has fewer than 500 employees; has a unique/breakthrough idea within a large addressable market; is engaged in non-retail primary industries; and provides a business plan and proof-of-concept demonstration with the application. Fund investment requires a minimum of a 1:1 match of private capital. 4:1 for value-added agriculture projects.
Nevada	Battle Born Growth Escalator	Fund makes equity and equity-like investments in early stage, high-growth Nevada enterprises (pre-seed, seed, and venture) in the following industries: aerospace & defense, agriculture, energy, health care, IT, logistics & operations, manufacturing, mining, tourism & gaming, and water. It seeks an economic return on investment, and any proceeds from investments are reinvested into the program. Maximum investment is \$100,000 (pre-seed), \$500,000 (seed), and \$1 million venture. Fund cannot be more than 50% of invested amount.	Must be state-based startup. Fund prioritizes university startups, existing portfolio companies for follow-up investments, and referrals from co-investors and network partners.

State	Program name	Program description	Eligibility requirements
New Hampshire	Vested for Growth	<p>The program provides financing when both banks and equity sources are unable to provide enough capital for the entire needs of the business. It helps state-based companies with strong growth propositions that employ workers without four-year college degrees. The program typically invests between \$100,000 to \$500,000 per portfolio company, but the total capitalization package—which may include senior debt and equity—is often much higher. When further capital is needed, the fund can partner with co-investors.</p>	<p>It invests in established state-based companies with solid growth plans, a strong management team, and superior products and markets. Typical prospects have \$1 million to \$20 million in annual sales, 10 to 200 employees, and gross profit margins of 20%. The program also requires that a business have a range of employment opportunities, including positions that do not require a four-year degree.</p>
New York	Innovation Venture Capital Fund Program	<p>The fund invests in seed and early stage businesses in the state. The fund focuses on Series A investments and considers occasional and opportunistic seed rounds. The fund provides capital for first-time CEOs and/or founders and considers industry segments and geographic regions not adequately served by the venture community. The fund makes direct equity investments in companies with an emphasis on strategic industries, such as information technology, life sciences, clean energy, and advanced manufacturing. Initial investments typically range in size from \$500,000 to \$1.5 million. All fund investments require at least a 2:1 match from private sources at the time of investment.</p>	<p>Companies must be located in or agree in writing to be located in the state and have the potential to generate additional economic activity in the state. They must participate in an emerging technology field and are achieving, or have the potential to achieve, technological advances and innovation. Investments are focused on industries where the state has particular strengths or those that are strategically important. These include: information technology—hardware, software, and technology-enabled services; life sciences—pharmaceuticals, diagnostic and medical devices; clean energy—energy generation, management and storage; and advanced manufacturing—materials, processes or equipment.</p>

State	Program name	Program description	Eligibility requirements
North Dakota	North Dakota Development Fund	<p>The fund provides flexible gap financing for new or expanding primary sector businesses in the state. Funds are available through direct loans, participation loans, subordinated debt, and equity investments. These options provide long-term and short-term capital to new, expanding, or relocating primary sector businesses. Working capital 1–3 years, equipment 3–5 years, real estate 7–10 years. The fund is a secondary source of financing, subordinate to private sources. If a business can't handle added debt, the fund can take an equity financing position. Interest rates are lower than market rate and subject to risk of project. Loan amount is based on job creation of \$40,000 per FTE created. Maximum of \$1 million.</p>	<p>Any primary sector business located in cities with a population of 8,000 or more. Primary sector includes individuals and businesses which, through the employment of knowledge or labor, add value to a product, process, or service that results in the creation of new wealth. Primary sector includes tourism and specific types of investor-owned agriculture, and are typically businesses such as manufacturers, food processors, or export service companies. Investor-owned agriculture includes livestock feeding or milking operations, or other value-added agriculture located apart from an individual farm operation that is professionally managed and has employees.</p>
	Venture Capital Loan Program	<p>The program provides flexible financing through debt and equity investments for new or expanding businesses in the state. The program is administered through the North Dakota Development Fund and offered through the Bank of North Dakota. It can fund rapidly growing companies that require equity funding. The program may provide funding for early stage companies that can show clear proof of completed product development and market acceptance as evidenced by growing sales. The program invests in a variety of technologies and types of businesses, including strategic target industries. The program will also invest in growth and later stage manufacturing, service, and businesses with profitable growth potential. The program will invest up to \$300,000 with appropriate capital structures favoring the following investment instruments: subordinated debt with warrants to acquire common stock; preferred stock with warrants to acquire common stock; and common stock.</p>	<p>Qualifying requirements: (1) state industries or businesses that will benefit the state and/or local communities; (2) successful and experienced management team; (3) cooperative management predisposed to communicate and work closely with outside investors toward common goals; (4) market with favorable size, growth and competitive characteristics; (5) adequate capital being raised to support operating objectives; and (6) companies working to commercialize university developed technology within the state university system.</p>

State	Program name	Program description	Eligibility requirements
Ohio	Third Frontier and Technology Pre-Seed/Seed Plus Fund Capitalization Program	This is a statewide network of early stage investment funds. The funds provide the capital needed to start and grow a technology-based or tech-enabled business.	Must be state-based company or willing to locate to state. The fund invests in biomedical/life sciences, software applications, advanced materials, aero propulsion power management, fuel cells and energy storage, sensors, and automation technologies. Must have a formal relationship(s) with state-based organizations that are involved with the commercialization of technology-based opportunities.
Oklahoma	Accelerate Oklahoma! Fund and Oklahoma Seed Capital Fund	The Accelerate Oklahoma! Fund is designed to invest in innovative startup companies that promise sustained revenue and increased employment; to accelerate emerging growth businesses that show potential for bringing new products to market; and, to fund later stage companies that need capital to position them for scaling and expansion. Investment amounts range from \$250,000 to \$1 million plus, and terms are typically convertible debt or preferred equity. The Oklahoma Seed Capital Fund is a state-supported investment fund that provides concept, seed, and start-up equity investments to innovative businesses. Investment terms are typically convertible debt or preferred equity, and investment amounts range from \$250,000 to \$1 million plus.	Investments are focused on industry sectors with technologies and proprietary products, processes, and/or know-how that provide high growth opportunities in large, addressable markets. To be eligible for the Seed Fund, an entrepreneur must be a small business located in the state. The use of funds includes funding for start-up, proof of concept, and early scaling activities.
Rhode Island	Slater Technology Fund	The fund was created to stimulate the creation of new technology-based companies in the state. The fund is financed annually by the General Assembly and is an evergreen not-for-profit seed fund dedicated to supporting new venture development in the state. It invests in early-stage technology ventures.	Investment criteria: seed- and early-stage capital, software, energy, life sciences; transformative technologies aimed at the world's biggest problems; commitment to building and basing locally.

State	Program name	Program description	Eligibility requirements
South Carolina	The SC Launch Program	The program is an independent nonprofit 501(c)(3) corporation that makes seed investments that anticipate financial returns. These investments are normally in the form of equity, loans, and convertible loans.	Must be state-based entity with at least 51% of payroll to employees within the state. Also, be an advanced-technology or knowledge-based business in the following target industries: life sciences, advanced manufacturing/materials, or information technology and have money invested by the principals and/or founders and/or raised initial capital from others (sources include friends, family, banks, etc.).
Tennessee	The INCITE Co-Investment Fund	The program is designed to stimulate the growth and development of innovative small businesses in the state and increase the number of better-paying, high-quality jobs in the state. In addition to fostering job creation, the goals of the fund are to increase access to capital for small businesses at various stages of development; accelerate technology commercialization from the state's research institutions into state companies; and minimize administrative costs of managing the program to maximize funding to state companies. The fund will be set up to maximize eligibility and will not target specific investors, companies, or industry sectors.	The business must be a non-public company, headquartered in the state, and have principal business operations in the state. In addition, at least 60% of its employees must be providing services in state to the business. Eligible businesses cannot be involved in: real estate, financial services, professional services provided by a lawyer, accountant, registered investment advisor or physician; oil and gas exploration or mining; gambling enterprises; construction; the production or distribution of motion pictures, television shows or sound recordings; accommodation and food services establishments; and/or retail establishments. Businesses must have less than 500 current employees.
Vermont	Vermont Seed Capital Fund	The fund is designed to be a revolving venture capital loan fund to support early-stage, high opportunity, technology-based companies in the state. The fund looks for select investment opportunities in early stage, high opportunity, technology-based companies. The fund invests exclusively in state-based startups and growing firms determined as offering high growth potential, financial return commensurate with risk, and public benefit for the state. Investment transactions range from \$25,000 to \$250,000. The fund can act as lead investor or as part of investment syndicate.	Any state-based start-up, emerging growth firm, or team seeking to relocate or expand in the state is eligible for consideration except if the company: (1) has last 12 month sales greater than \$3 million; 2) has headquarters or principal team location outside of the state; or (3) is a restaurant, retail store, or real estate project. The process includes: initial screening; initial due diligence; advanced due diligence investment decisions; added value and infrastructure; follow-on capital and investment exit. Sectors include, but are not limited to, life sciences/biotech, renewable energy, advanced manufacturing, cybersecurity/internet of things, consumer products, financial services technologies, ag. tech, artificial intelligence, aerospace/aviation, new mobility, consumer media and commerce, medical devices, healthcare software and systems.

State	Program name	Program description	Eligibility requirements
Virginia	GAP Funds	The CIT GAP Funds make seed-stage equity investments in Virginia-based technology, green technology, and life science companies with a high growth potential.	Funds invest exclusively in companies headquartered, and with an express desire to grow in, the Commonwealth of Virginia.
West Virginia	Jobs Investment Trust Investment	Fund invests in early stage, later stage, and mature small companies who wish to expand. Opportunities to create a significant number of jobs while maintaining economic balance are favorably viewed. Economic diversification is a plus. To maintain its ability to assist others in the future, the fund makes investments that are expected to yield a financial return proportionate to the level of risk it assumes. Fund does not make grants or low interest loans. Investments will generally be structured as convertible preferred equity or subordinated loans with warrants or options to buy stock. Investments are short-term, ranging from three to five years, after which the fund expects to liquidate its investment. Liquidation is generally provided by a sale or merger of the company or repurchase of securities by the portfolio company.	Fund seeks to invest in well-managed companies with outstanding long-term growth prospects. Fund evaluation focuses on the following criteria: (1) company must be located in, employ a work force in, and offer products or services for the benefit of state; (2) funds are not limited to specific industries; (3) management team should be strong and experienced; (4) company should target a growing market and be able to demonstrate an ability to capture a reasonable share; and (5) company's products or services should be proprietary or sufficiently differentiated to enjoy a sustainable competitive advantage.

SOURCE: C2ER Incentives Database, Center for Regional Economic Competitiveness and Cromwell Schmisser (2016), PFM Group Consulting LLC (2019).

**TABLE J-2**  
**State commercialization grant programs**

State	Name	Phase I	Phase II	SBIR/STTR match amount		Other	Description
				Phase I funding amount	Phase II funding amount	Name	
Alabama	Innovate Alabama Matching Grant Program	X	X	50 percent match up to \$100,000	50 percent match up to \$250,000		
Arkansas	Arkansas SBIR Matching Grant	X	X	50 percent match up to \$50,000	50 percent match up to \$100,000		
Colorado						Advanced Industry Early Stage Capital and Retention Grants	Provides grants (cap of \$25,000 per project) to fund companies using technologies developed in proof of concept grants and other early stage start-ups that have created viable products, meet a market need, and can be created or manufactured in Colorado and globally. Must be from an advanced industry (aerospace, advanced manufacturing, bioscience, electronics, energy, infrastructure engineering, and technology and information), have at least 50% of employees based in state, have annual revenues of less than \$10 million and demonstrate that technology is adequate through the Proof of Concept Phase.



Appendixes

State	Name	Phase I	Phase II	SBIR/STTR match amount		Other	Description
				Phase I funding amount	Phase II funding amount	Name	
Connecticut						Proof of Concept Initiative	Program will invest \$50,000–\$100,000 per company, selecting the most promising companies that meet the investment criteria. In this highly competitive selection process, 15 to 25 companies receive investments. Companies selected for investment will gain access to mentors, bootcamps, and other resources to accelerate growth.
Delaware	Delaware Technical Innovation Program	X	X	Up to \$50,000	NA		
Florida	Florida High Tech Corridor Council Matching Grants Research Program	X		Up to \$150,000	Up to \$150,000		
Georgia						Georgia Research Alliance Venture Development Program	Program seeks and identifies university discoveries and inventions that have market potential; makes key investments in the most promising ventures at the earliest stages; develops a pool of experienced CEOs, mentors, and domain experts to help guide or lead the newly launched enterprises; and shares best practices and provides other support—all to grow more companies from universities and create more high-value jobs.
Hawaii	Hawaii SBIR Research Program	X	X	50 percent (up to \$500,000)	50 percent match up to \$500,000 (not funded in FY 2021)		
Illinois	Illinois SBIR and STTR Matching Program	X		50 percent up to \$50,000	NA		

Appendixes

State	Name	Phase I	Phase II	SBIR/STTR match amount		Other	Description
				Phase I funding amount	Phase II funding amount	Name	
Indiana	Indiana SBIR/STTR Grant Matching Awards	X		50 percent (up to \$50,000)	NA	Community Ideation Fund Elevate Ventures	Program enables ideation-stage high-potential to move closer to a specific, measurable technology or product development milestones. Investments are typically between \$5,000 and \$20,000. Eligible applicants include state-based companies with no more than \$50,000 in trailing revenue over the past 12-month period.
Iowa	Iowa BioConnect SBIR/STTR Outreach Program	X	X	Up to \$25,000	Up to \$25,000	Proof of Commercial Relevance	Program provides assistance to state-based companies having fewer than 500 employees with market-ready innovative technologies or products that have a clear potential for commercial viability. The fund provides up to \$125,000 to encourage commercialization activities by small and medium-sized Iowa companies in the advanced manufacturing, biosciences, and information technology industries. Funds are in grants, loans or royalty agreements, with a 1:2 private: public match. Restricted to businesses with fewer than 500 employees and advanced manufacturing, bioscience or information technology industries.
Kentucky	Kentucky SBIR/STTR Matching Funds Program	X	X	Up to \$150,000	Up to \$500,000		

State	Name	Phase I	Phase II	SBIR/STTR match amount		Other	Description
				Phase I funding amount	Phase II funding amount	Name	
Maine						MTI Investment	Program offers grants, loans, equity investments, and services to businesses, organizations, and individuals that work within one or more of the seven targeted technology sectors or in building support systems for innovation. Funded activities may include activities such as proof of concept work, prototype development, field trials, prototype testing, pilot studies, or technology transfer activities. Funded projects must fall under one of Maine's seven targeted technology sectors. The sectors are biotechnology; composites & advanced materials; environmental technologies; forest products & agriculture; information technology; marine technology & aquaculture; precision manufacturing.
Maryland	Maryland Small Business Innovation Research and Technology Transfer Incentive Program	X	X	25 percent matching (up to \$25,000), maximum of 20 awards	25 percent matching (up to \$75,000), maximum of 10 awards	Maryland Innovation Initiative	The program is designed to promote commercialization of research conducted in the partnership universities and leverage each institution's strengths. University startups are eligible to apply for the company formation phase that (i) have licensed technologies from a qualifying university within 12 months of applying for a program award and (ii) are located in state. In all phases, proposals must be directed to the commercialization of a technology or group of technologies: (i) owned by a qualifying university; (ii) disclosed to a qualifying university's technology transfer office; and (iii) for which there exists appropriate intellectual property protection. Each applicant must also work with a MII Site Miner prior to application submission. Company formation - commercial launch, 9 months, up to \$150,000.

Appendixes

State	Name	Phase I	Phase II	SBIR/STTR match amount		Other	Description
				Phase I funding amount	Phase II funding amount	Name	
Massachusetts	Mass Ventures' START Award program	X	X	\$100,000 (year one), \$200,000 (year two), \$500,000 (year three)	\$100,000 (year one), \$200,000 (year two), \$500,000 (year three)		
Michigan	Michigan Emerging Technologies Fund	X	X	Up to \$25,000	Up to \$125,000		
Minnesota	Launch Minnesota SBIR/STTR Matching Grant	X	X	Up to \$35,000	Up to \$50,000	Innovation Grants	The Innovation Grant reimburses business expenses incurred in Minnesota for research and development, direct business expenses, and the purchase of technical assistance and services. Qualifying businesses may receive grants up to \$35,000, which are disbursed on a 1:1 reimbursement basis. Eligible business must have primary business activity in innovative technology or in an innovative business model or product, operations and headquarters located in state, be less than 10 years of age, and have less than \$1 million in revenue since inception.
Montana	Montana SBIR/STTR Matching Funds Program	X	X	Up to \$60,000	Up to \$60,000		

Appendixes

State	Name	Phase I	Phase II	SBIR/STTR match amount		Other	Description
				Phase I funding amount	Phase II funding amount	Name	
Nebraska	Nebraska SBIR/STTR Grant Program	X	X	65 percent matching, up to \$100,000	65 percent matching, up to \$100,000	Nebraska Innovation Fund Prototype Grants	The grant is a matching grant that provides financial assistance for product development to businesses operating in the state. Prototype grants can be up to \$150,000 per project for development. Applicants must be businesses operating in state that can provide a minimum of 50% of the grant request as matching funds. Value-added agriculture projects require a match of 25%. Any state-based company with fewer than 500 employees engaged in non-retail primary industries adding value to products or processes in state is eligible.
New Jersey	New Jersey CSIT SBIR/STTR Direct Financial Assistance Program	X	X	Up to \$25,000	Up to \$50,000		
New Mexico	New Mexico SBIR Grant	X	X	Up to \$25,000	Up to \$100,000		
North Carolina	One N.C. Small Business Program	X		50 percent matching (up to \$50,000)	NA		

State	Name	Phase I	Phase II	SBIR/STTR match amount		Other	Description
				Phase I funding amount	Phase II funding amount	Name	
Ohio						Third Frontier Technology Validation and Start-up Fund	The program has been designed to support protected technologies developed at state research institutions that need known validation/proof that will directly impact and enhance both their commercial viability and ability to support a start-up company, and support start-up and young companies that license validated/proven technologies from research institutions. To be considered eligible for funds, a technology must already have intellectual property protection, which is defined as invention disclosure (to USPTO), patent pending or patent issued, for IT Technologies only, trade secret, trademark, or copyright protection associated with the technology, as appropriate. Program funds are not meant to be early stage "proof of concept" funds—specific technologies supported by the program must have already advanced beyond basic research and must have the equivalent of a laboratory-scale proof of concept prior to application to an eligible institution's pool of funds. Awards are 1 year in duration and under \$150,000 in total cost.
Oregon	Business Oregon SBIR/STTR Grant Support Program	X	X	Up to \$50,000	Up to \$100,000		

Appendixes

State	Name	Phase I	Phase II	SBIR/STTR match amount		Other	Description
				Phase I funding amount	Phase II funding amount	Name	
Pennsylvania						Ben Franklin Technology Partners Challenge Grant	Provides funds to businesses through the four Ben Franklin Technology Partners for access to capital, business expertise, and technology commercialization services to advance the development of new technologies and for the generation, conservation, and transportation of alternative and clean energy.
Rhode Island	STAC SBIR/STTR Matching Grants	X	X	Up to \$45,000	Up to \$100,000		
South Carolina	SCRA SBIR/STTR Grant Matching	X		Up to \$50,000	NA		
South Dakota	South Dakota Proof of Concept Program			NA	Up to \$25,000		
Tennessee	Tennessee SBIR/STTR Matching Fund	X	X	100,000	300,000		
Virginia	Commonwealth Research Commercialization Fund	X	X			Commonwealth Research Commercialization Fund	Grants are made on the basis of scientific merit and economic development potential for technology at the proof-of-concept stage or earlier in targeted high-technology industries. Funds must be matched by recipient.

Appendixes

State	Name	Phase I	Phase II	SBIR/STTR match amount		Other	Description
				Phase I funding amount	Phase II funding amount	Name	
West Virginia		X	X	Up to \$100,000	Up to \$200,000		
Wisconsin	SBIR Advance	X	X	Matches 50 percent, up to \$75,000	Up to \$200,000		
Wyoming	Startup Wyoming SBIR Phase I and II Matching Program	X	X	Up to \$100,000 for first time awardees; up to \$70,000 for repeat awardees	Up to \$200,000		

SOURCE: Small Business Administration (2021), C2ER Incentives Database, other.

NOTE: Phase I awards are for concept development and Phase II awards further support prototype development.