

Local Policy Recommendations:

- Develop and expand nondilutive capital programs for all entrepreneurs.
- Explore public-private partnerships with financial institutions to support city-wide loan programming.
- Support public-private partnerships incentivizing industries working to fill a community need like grocery stores in food deserts.
- Collaborate with local corporations to accelerate innovation and support emerging startups which align with corporate innovation strategy.

State Policy Recommendations:

- Develop and expand nondilutive capital programs for all entrepreneurs.
- Prioritize tax credits for angel investing, especially in economically distressed communities.
 - 10 heartland states currently have these programs: AR, IL, IN, IA, KS, KY, LA, MN, ND, WI
- Develop new types of state based financial support for startups like venture debt and revenue-based financing.
- Explore tax credits for individual contributors to crowdfunding startups or new businesses.
- With federal support, educate entrepreneurs on federal funding sources like Small Business Innovation Research Program ([SBIR](#)) and Small Business Technology Transfer ([STTR](#)).
- Encourage the diversification of State Small Business Credit Initiative ([SSBCI](#)) funding to support all businesses.
- Explore the development and deployment of a fund-to-fund model to de-risk investment and encourage state-based investment.
- Strengthen the marketing of existing funds and resources to potential entrepreneurs.

CASE STUDIES



Builders + Backers Pebble Fund

The Pebble Fund is a philanthropic fund to stimulate idea-stage experimentation. Tax deductible contributions to the Pebble Fund allow the participants of the Idea Accelerator powered by Heartland Forward to receive up to \$5,000 in non-dilutive funding to experiment with their idea.



Kansas Angel Capital Tax Credit

Effective in 2005, an accredited investor is allowed a 50% tax credit on their cash investment of up to \$50,000 per certified Kansas business per year. For each tax year, an angel investor shall not be entitled to claim tax credits more than \$250,000.



The Badger Fund in Wisconsin

The Badger Fund is an umbrella fund for five early-stage capital funds, including Idea Fund of La Crosse, the Winnebago Seed Fund, the Gateway Capital Fund, the Winnow Fund and the Rock River Fund. The fund was created in 2015 by then Governor Scott Walker and the legislature. While out of state funds can provide side-by-side investment, this fund can only invest in Wisconsin-based companies.



Retention Incentives for Success and Expansion (RISE) Program in Birmingham, AL

The RISE initiative in the City of Birmingham assists businesses who are retaining and expanding their employee base to grow the local economy. The City approved an ordinance that for every city sales transaction resulting from a price in excess of market value, redevelopment agreement transaction or a surplus asset to encompass two funds, 4% is used for a cash incentive fund and 3% is for their revolving loan fund. New startups who create at least five full-time jobs can apply for the funding and any small business previously declined for a loan.