U.S. DEPARTMENT OF THE TREASURY

Treasury Announces Approval of Up to $353.4 Million to Support Small Business Success Across Four States

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These State Small Business Credit Initiative funds are awarded to Delaware, Kentucky, Tennessee, and Wyoming to support local small business financing and investment programs

WASHINGTON — Today, the U.S. Department of the Treasury announced the approval of four additional state plans for up to $353.4 million in funding under the State Small Business Credit Initiative (SSBCI) in President Biden's American Rescue Plan. Treasury has now announced the approval of state and territory plans corresponding to over $7 billion in SSBCI funding to support small business and entrepreneurship and expand access to capital.

"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. "These SSBCI funds will promote equitable economic growth across the country."

President Biden's 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. This includes $2.5 billion in funding and incentives to support underserved businesses. 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.

In January, the Census Bureau released data which showed that over the last two years Americans have applied to start 10.5 million new businesses, making 2021 and 2022 the strongest two years on record for new business applications. The investments being made

through SSBCI are a key part of the Biden-Harris 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 SSBCI's implementation process to help these funds reach traditionally underserved small businesses and entrepreneurs will continue to be critical to ensuring the small business boom lifts up communities disproportionately impacted by the pandemic.

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

- Delaware, approved for up to $60.9 million, will operate four programs: a capital access program, a loan participation program, and two equity/venture capital programs. The loan participation program, allocated $27.5 million, will offer up to 50 percent participation in small business loans for equipment and working capital. The Delaware Early Stage VC Program, allocated $22.5 million, will support the formation of new VC funds with Delaware-based managers, focused on investments in underserved startups. The Delaware Accelerator and Seed Capital Program, allocated $7.5 million, will support an estimated three accelerator programs, supporting idea-stage startups, including those developed by underserved owners and managers.
- Kentucky, approved for up to $117.1 million, will operate four programs: one loan participation program, one collateral support program, and two equity/venture capital programs. The Kentucky Cabinet for Economic Development (KCED) is the implementing entity for all programs. The Kentucky Science and Technology Corporation will administer the equity/venture capital programs with a focus on pre-seed and seed stage capital investments. KCED, through the Kentucky Economic Development Finance Authority, will administer the loan participation and collateral support programs. These programs will expand access to capital for underserved communities by using existing initiatives, such as Shaping Our Appalachian Region (SOAR) and Promise Zone Counties, to conduct outreach in low-to-moderate income communities in the state and to women, veteran, and minority-owned businesses, businesses owned by individuals with disabilities, or those with limited English proficiency.
- Tennessee, approved for up to $116.9 million, will operate four programs, a loan participation program and three venture capital programs. Tennessee allocated $46.9 million for a debt program that will participate in loan transactions with Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs) that serve rural to urban areas of the state, including underserved communities.

Tennessee, in partnership with LaunchTN, allocated $70 million for the equity program focused on direct investments in early-stage startups, along with a fund-of-funds strategy investing in emerging venture capital fund managers.

- Wyoming, approved for up to $58.4 million, will operate two equity/venture capital programs. The funds program, allocated $23.4 million, will provide limited partnership investments in Wyoming-based seed/early-stage venture capital funds. The direct program, allocated $35 million, will provide equity co-investments in Series A or growth stage technology companies in the state. Both programs will provide access for venture capital investments for in-state entrepreneurs.