

State Venture Capital Funding

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Issue

Describe which states currently have state-sponsored venture capital funds and how those funds are deployed.

Summary

We found state-sponsored venture capital (or “VC”) funding in all states except Idaho, Montana, South Dakota, and Texas. Although there are differences in how states capitalize funds and the type of funding they offer, most states have either a direct fund, a fund of funds, or both.

Generally, state-sponsored venture capital either invests directly into small companies in return for a share of ownership (equity) or invests as a limited partner into multiple venture capital funds. These funds then make investments into companies, pooling the investment from the state and other investors (limited partners). States also fund other methods of supporting companies, such as accelerators, incubators, and loans directly to venture firms, among other things.

Many states sponsor their venture capital efforts using state funds, funds from the federal State Small Business Credit Initiative (SSBCI), or a combination of both. States that participate in the federal program must use the funding to create or expand programs that provide access to capital for small businesses, including venture capital-based funding.

As a condition of investment, many states require that a company be (1) located in the state or be willing to relocate; (2) within an early business development stage; or (3) working in a specific area, such as biotechnology, energy, or another high technology field, although many states also invest

regardless of the company's industry. Many states also require venture capital funds seeking investment to be in that state or substantially focused on investing in companies within that state.

Types of Funds

Most state-sponsored venture capital takes one of two forms: direct investment or a fund of funds (states may offer one or both models). Direct investment is investment in a company in return for a share of its ownership (equity). This differs from a loan in that there is no set repayment time or amount. Instead, the profit of an investment depends on a company's success and is often realized either when the company is bought by another company or conducts an initial public offering ("[goes public](#)"). Because venture capital investors are deeply invested in a company's profits, they typically sit on its board of directors or provide other guidance.

A fund of funds is an investment in multiple venture capital funds, generally with the state as a limited partner. A limited partner in a venture capital fund provides capital and has a minority stake in the fund as an investor but does not participate in the decision making or the fund's management. General partners (the fund's leadership), make decisions about startups in which to invest, and the size of those investments.

Many state-sponsored venture capital funds are also classified as evergreen, meaning they reinvest the profits back into further funding rounds or operations.

Other State Support for Startups

Beyond direct investment in companies or the fund of funds model, many states provide additional state support for startups. Such programs include:

1. matching funds for [accelerators](#) (organizations that provide cohort-based education, resources, and mentorship to early-stage startups, often in exchange for equity);
2. funding for [incubators](#) (similar to accelerators, but operating at an earlier business development stage and helping to flesh out business ideas rather than scale an existing idea);
3. economically targeted investment policies for state investment funds (for example, [California](#) and [Washington](#) generally authorize state investment managers to consider factors beyond just the risk and return of an investment (provided they are still fulfilling their fiduciary duties), such as the business's location, potential for job creation within the state, or potential effect on the state's economy);
4. support for venture capital funds attached to public universities (for example, [Illinois](#) and [Maryland's](#) venture capital funds generally fund startups founded by professors, staff,

students, or alumni; because these funds are not directly part of government investment, we did not include them in Table 1 below);

5. [sovereign wealth funds](#), such as [Alaska's](#), which invests the proceeds from oil and mineral revenue, including in some venture firms, but is not a venture firm itself); and
6. loans directly to venture firms, such as Pennsylvania and Wisconsin (see Table 1 below).

State Small Business Credit Initiative

The federal government provided states with funding for venture capital (as well as other forms of small business assistance) through SSBCI. The program was first authorized in the [Small Business Jobs Act of 2010](#), and operated from 2010 to 2017. Congress reauthorized and expanded the program in 2021, and many states are using this funding in 2026 ([P.L. 117-2 § 3301](#)).

States that participate in the program must use the funding to create or expand programs that provide access to capital for small businesses, but the programs themselves are subject to approval by the federal Department of the Treasury. These programs may include loan programs, investment programs, or other credit or equity support programs (such as venture funding). A list of state uses for SSBCI funding is available [here](#).

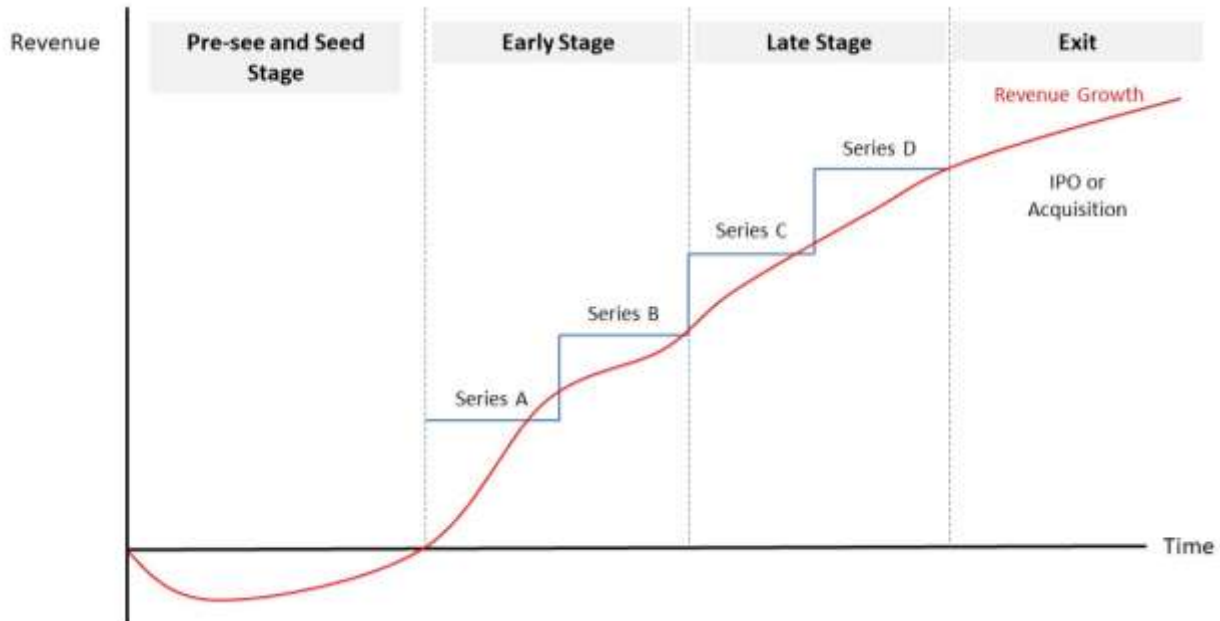
Part of the SSBCI program also includes a set-aside in funding for businesses owned by socially and economically disadvantaged individuals (SEDIs). This also includes venture fund managers, as California, for example, chose to implement for its SSBCI-funded venture program (see below). Some states chose to use SEDI ownership as a condition of eligibility for venture funding.

Conditions on State Funding

Most states require, as a condition of investment, that venture capital funds or startups have a presence in that state (through a majority of ownership or operations) or be willing to relocate. Many also prioritize investment in specific sectors, such as biotechnology, agricultural technology, or highly advanced (“deep”) technology.

Many states also restrict funding by the startup’s stage. Figure 1 below shows the typical stages of a startup’s funding cycle. Many venture firms focus on the early stages, as the later the stage, the larger the startup’s size and funding needs. However, a startup’s maturity can be measured by factors beyond just funding stage, including revenue growth, time in existence, and product maturity.

Figure 1: Startup Growth by Stage



Source: [Congressional Research Service](#), “Venture Capital Operations and Regulation,” (May 25, 2023)

Table 1 below lists state venture funds and SSBCI venture funds. (Some states capitalized existing venture funds with SSBCI funding, which is noted below.)

Table 1: State Venture Funds and SSBCI Venture Funds

State	Venture Fund	SSBCI Venture Fund	Investment Type
Alabama	None	InvestAL makes direct investments of between \$100,000 and \$1 million for startups and fund of fund investments between \$500,000 and \$5 million for established venture capital funds.	Direct and fund of funds
Alaska	The 49th State Angel Fund (now evergreen through program returns) makes matching equity investments into companies.	The Alaska Equity Fund invests in funds as a limited partner (LP) up to 50% of the total investment capital of the fund.	Direct and fund of funds

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
Arizona	None	The Arizona Venture Co-Invest Program makes direct equity investments in start-ups alongside other partners. The Arizona Multi-Fund Venture Capital Program provides equity investments to established venture capital firms.	Direct and fund of funds
Arkansas	The Arkansas Institutional Fund is a fund of funds managed by the Arkansas Venture Capital Authority with the goal of investing in private equity, seed, and venture funds and supporting the growth and development of Arkansas's venture capital industry.	The Venture Capital Development Fund invests matching funds to existing private investment in Arkansas technology-based companies between \$50,000 and \$1 million per applicant. The Venture Development Fund invests \$250,000 to \$2 million per applicant in venture funds focused on Arkansas-based high wage job creation.	Direct and fund of funds
California	None	The Expanding Venture Capital Access Program (with additional state funds) makes loans to venture capital funds (of at least \$50 million) and co-invests directly in businesses to support underrepresented venture capital managers and entrepreneurs, among other things.	Fund of funds
Colorado	The Venture Capital Authority takes an LP position in venture capital funds which invest in start-ups in Colorado.	The authority is an existing fund that also administered SSBCI funds.	Fund of funds

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
Connecticut	Connecticut Innovations Inc. (CII) has several different venture programs, including the (1) AI/Q Fund (investing in high-potential companies in artificial intelligence, quantum computing, and deep tech); (2) Equity Fund (investing in bioscience, IT clean tech, photonics, and advanced materials companies); (3) Bioscience Innovation Fund (investing in commercializable bioscience technology and healthcare related companies); (4) Pre-Seed Investment (investing at the pre-seed stage bioscience, IT clean tech, photonics, and advanced materials companies); and (5) Proof-of-Concept Fund (investing in companies making a minimum viable product or otherwise proving an initial concept).	To deploy Connecticut's SSBCI funding, CII administered the Climate Tech Fund and the Future Fund. The Climate Tech Fund invests in early-stage companies focused on, among other things, energy, transportation/mobility, food/agriculture, water, and climate-related software with investments of \$150,000 to \$2 million per company in each financing round (including potential follow-on investment). The industry agnostic Future Fund invests in early-stage companies with diversity at the board and executive level through investments of \$250,000 to \$1 million each, and funded companies receive strategic support from an experienced team of advisors.	Direct and fund of funds
Delaware	None	The Delaware Accelerator & Seed Capital Program (DASCP) makes investments of up to \$1 million in companies following their seed-funding round. The Delaware Early-Stage Venture Capital Program (DESVVC) consists of a partnership with a venture capital firm and strategic support for startups.	Direct and fund of funds

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
Florida	The Florida Opportunity Fund's Fund of Funds Program makes investments between \$1 and \$3 million in seed and early-stage venture capital funds and is authorized to make direct investments (including loans) in start-up businesses. The Florida Growth Fund allows the state of Florida to invest no more than 10% in the aggregate of Florida retirement system assets in nonpublic entities, including innovative technology and venture capital.	The Florida Venture Capital Program makes direct investments in start-ups using SSBCI funding.	Direct and fund of funds
Georgia	Invest Georgia is a fund of funds led by different investment managers who invest funds in early-stage ventures in Georgia.	The Georgia Venture Capital Program makes LP investments between \$1-3 million into venture funds. The Georgia Equity Direct Program awards between \$250,000 and \$1 million to small, SEDI-owned businesses to catalyze private investment.	Direct and fund of funds
Hawaii	None	HI-CAP Invest is a fund-of-funds program investing in venture funds which in turn focus on opportunities to invest in companies benefiting Hawaii generally.	Fund of funds
Illinois	The Illinois Growth and Innovation Fund invests in venture capital, growth equity, and private credit funds that further invest in Illinois technology-based businesses.	Illinois Innovation Venture Fund (INVENT) directly invests (between \$10,000 and \$6 million) in eligible companies alongside private investors. INVENT focuses on key industries aligned with the state's economic development goals and small businesses owned by SEDIs.	Direct and fund of funds

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
Indiana	The Pre-Seed Fund makes between \$20,000 and \$100,000 investments in Indiana businesses to help them develop a minimum viable product or, for investments above \$50,000, scale an existing minimum viable product for future venture investment.	Indiana Angel Network Fund makes seed- to early-stage equity investments in Indiana small businesses alongside private investors focused on reaching underserved founders and key industries.	Direct
Iowa	The Iowa Capital Investment Corporation is a fund of funds for venture capitalists that invest in Iowa companies within key sectors (life sciences, advanced manufacturing, information technology, and value-added agriculture).	The InnoVenture Iowa Fund is a co-investment fund for early-stage startup companies in Iowa working in biosciences, advanced manufacturing, and information technology.	Direct and fund of funds
Kansas	None	GrowKS makes co-investments between \$50,000 and \$250,000 in businesses located in Kansas and raising a funding round of less than \$20 million.	Direct
Kentucky	Commonwealth Seed Capital directly invests in innovative manufacturing and technology startups with a presence in Kentucky. The Kentucky Enterprise Fund invests directly in technologically innovative pre-seed and seed stage startups located in or willing to relocate to Kentucky. It also administers the Idea Fund, a pilot project that supports entrepreneur accelerators with matching funds for their investments.	The Kentucky Growth Capital Fund makes matching direct investments into growth-stage startups.	Direct and matching funds for accelerators

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
Louisiana	None	The Louisiana Seed Capital Program funds Louisiana-based venture capital funds, early-stage investment funds, and nonprofit organizations. The Louisiana Growth Fund makes matching investments (between \$250,000 and \$1 million) in early-stage startups across all industries based in or willing to relocate to Louisiana.	Direct and fund of funds
Maine	The evergreen Maine Venture Fund makes direct, matching investments in Maine-based startups. The Maine Technology Institute offers grants, loans, and equity investments with the potential to grow and diversify Maine's innovation economy.	The Grow Maine Program administers SSBCI funding using a fund of funds model through partner firms, which includes the Maine Venture Fund. These funds may make direct investments or further fund of fund models themselves.	Direct and fund of funds

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
Maryland	Maryland's Technology and Development Corporation (TEDCO) administers several funds, including the: • Technology Commercialization Fund, which supports high tech and product development startups through investments to accelerate a product's commercialization; • Cybersecurity Investment Fund, which makes direct investments in cybersecurity technologies; • Life Science Investment fund, which makes direct investment in life science companies with products requiring FDA approval; and • Gap Investment fund, which makes direct, matching investments in companies need capital to grow their business in Maryland, and these funds must be used to become more firmly established in the state. The Maryland Venture Fund, consisting of the Enterprise Fund and the Invest Maryland Program, serves as an early-stage, evergreen venture capital fund to make direct investments in early-stage technology and life science companies and indirect investments in venture capital funds.	The Venture Capital LP Equity Program was a fund of funds model for Maryland venture capital firms (all the funding was dispersed). The Seed Fund Equity Program makes direct investments in seed-stage companies. The Social Impact Funds, consisting of two smaller funds, makes direct investments in SEDI-founded or -owned early-stage startups across industries. The Venture Equity Fund is a program within the existing Maryland Venture Fund to utilize SSBCI funding for venture capital. The Maryland Department of Commerce also administers SSBCI equity funding (among other things) through direct investments between \$25,000 and \$1 million.	Direct and fund of funds

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
Massachusetts	MassVentures is an entrepreneurial support and evergreen venture fund making direct and follow-on investments in startups in Massachusetts. The 2030 Fund, part of the Massachusetts Clean Energy Center, directly invests between \$100,000 and \$600,000 in early-stage, Massachusetts-based climate technology startups.	The Deep Tech Venture Fund makes direct investments in Massachusetts-based academic spinouts and seed-stage deep tech companies emphasizing diverse founding teams and geographies outside Boston.	Direct
Michigan	The Michigan Innovate Capital Fund operates through nonprofit organizations managing fund programs which invest in pre-seed and early-stage technologies in the beginning stages of commercialization. The Michigan Innovation Fund invests in and establishes evergreen venture funds across the state.	The Michigan Small Business Venture Capital Program makes LP investments in funds focused on investing in businesses that complement the Michigan Economic Development Corporation's strategic industries for the state, including automotive manufacturing, advanced manufacturing, and life sciences, among other things.	Direct and fund of funds

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
Minnesota	The Minnesota 21st Century Fund makes loans and equity investments in mineral, steel, or other industry processing or technology products located in certain tax relief areas.	The Growth Loan Program provides loans to early-stage businesses planning to raise equity capital. The businesses have 12 months to make at least 70% of their goal with a minimum raise of \$400,000 once enrolled in the program. The Multi-Fund VC Program invests in Minnesota-based venture funds. The Direct VC Investment Program invests in early-stage startups based on certain criteria, including support for underserved criteria and effect on Minnesota.	Direct and fund of funds
Mississippi	The Mississippi Seed Fund previously made equity matching investments into Mississippi based businesses with less than 500 employees (the fund currently exists but the equity portion is no longer active).	InvestMS for Startups directly invests (between \$50,000 and \$1 million (with the possibility of follow-on investment) in Mississippi based startups. InvestMS for Funds makes matching LP investments of between \$1 million and \$5 million per fund.	Direct and fund of funds
Missouri	The Missouri Technology Corporation provides various programs for in-state entrepreneurs, including equity investments in Missouri-based startups.	The IDEA Fund includes three programs: (1) the TechLaunch Program (providing up to \$250,000 in matching equity for pre-seed or seed-stage technology startups raising less than \$1 million); (2) the Seed Capital Program (providing matching equity up to \$5 million for seed or series* A startups raising between \$1 million and \$5 million); and (3) the Venture Capital Program (providing equity up to \$4 million for series A or later startups raising between \$5 million and \$20 million).	Direct
Nebraska	The Invest Nebraska Corporation makes direct investments of varying amounts in Nebraska-based startups.	The Nebraska Seed and Development Fund makes matching equity investments in Nebraska-based startups with fewer than 750 employees.	Direct

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
Nevada	The Silver State Opportunity Fund manages \$50 million of capital and disburses it through minority equity investment, among other ways, in businesses located in, expanding in, or relocating to Nevada.	Battle Born Venture makes sector agnostic co-investments of up to \$500,000 per round in Nevada-based startups.	Direct
New Hampshire	The Granite Fund provided \$4.5 million to create a \$25 million venture fund, which invested in New Hampshire startups (the fund is currently fully invested). Under the Millworks II Fund, the state partnered with angel investors to create a fund focused on companies ready to scale operations in New Hampshire. The Vox Health Fund provides investment and guidance for life science and digital health startups.	None	Direct

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
New Jersey	The New Jersey Economic Development Authority Venture Fund invests in qualified New Jersey-based venture firms, in amounts up to \$10 million or 10% of a fund's size. These funds are invested in New Jersey emerging technology and life science companies. The Innovation Evergreen Fund makes co-investments alongside qualified venture capital firms in stage agnostic startups across several innovative industries, with investments between \$100,000 and \$12.5 million.	The Life Sciences/Health Care Fund makes matching investments of up to \$10 million in certain qualified funds that are prepared to invest in life science or health care startups. The SEDI Seed Fund, currently allocated to fund managers, supports seed and early stage SEDI-owned businesses. The Angel Match Program matches angel investors' direct investment in early-stage, product-based technology companies within targeted industries on a one-to-one basis in amounts between \$100,000 and \$1 million.	Direct and fund of funds
New Mexico	The NMFA Venture Capital Program , capitalized with state and SSBCI funding, invests in venture private equity firms.	None	Fund of funds
New York	The Innovation Venture Capital Fund makes direct co-investments, with state and SSBCI funding, into seed through series A innovative startups across New York. The New York State Energy and Research Development Authority provides funding to venture firms that give capital and commercialization support for climate technology startups across multiple stages, including a nonprofit accelerator program.	The Pre-Seed and Seed Matching Fund Program make equity investments from \$50,000 and \$250,000 in early-stage startups with matching from the private sector, particularly focused on technology companies and expanding access to venture for underserved geographies and founders. The Emerging and Regional Partner Fund matches private funding for venture fund managers from diverse regions and backgrounds. The Community and Regional Partner Fund provides up to \$5 million in matching investments in startup accelerators and incubators.	Direct, fund of funds, and support for incubators/accelerators

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
North Carolina	None	NCInvest makes matching investments into funds, with at least 54% of funding reserved for SEDI owned startups.	Fund of funds
North Dakota	The North Dakota Development Fund provides financing, including equity investment, of up to \$3 million and 25% of the total round raise.	The Wonder Fund is a managed partnership with matching funds between O'Leary Ventures and the state to make equity investments for companies with less than 500 employees in funding rounds under \$20 million.	Direct
Ohio	The Ohio Capital Fund acts as a fund of funds with investments in venture firms that invest at least half of the committed funding in Ohio-based companies. JobsOhio Ventures is a direct co-investment (investing alongside other investors) evergreen fund focused on healthcare and enterprise technology in companies impacting Ohio.	The Ohio Venture Fund provides matching investment to venture funds making qualified investments in Ohio Based companies. The Early Stage Focus Fund provides capital to venture funds which then must invest in SEDI-owned businesses or businesses in areas previously underserved by venture capital.	Direct and fund of funds
Oklahoma	The Oklahoma Center for the Advancement of Science and Technology supports a startup incubator with (1) a venture capital arm and (2) the Oklahoma Seed Capital Fund , which makes matching direct investments alongside a private venture fund.	The Oklahoma Venture Capital Investment Program makes matching investments in Oklahoma based venture funds for investment in startups in the state.	Direct, fund of funds, and support for an incubator with a venture capital arm

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
Oregon	The Commercialization Gap Fund helps early-stage innovative companies create a commercialized product through equity investment. The Oregon Growth Board has two capital accounts (the Oregon Growth Fund and Oregon Growth Account) that support venture funds.	The Business Oregon Venture Capital Programs provide investments to venture firms and startups (through a firm partner) in Oregon.	Direct and fund of funds
Pennsylvania	The Ben Franklin Technology Development Fund Venture Investment Program gives loans to venture firms to encourage greater investment in technology companies (the commonwealth is prohibited from holding an equity position). Life Sciences Greenhouse Investments, capitalized by the state in 2002, is an evergreen fund investing in startup life science companies between pre-seed and series B stages.	The Diverse Leaders Venture Program provides loans (under 20% of venture fund committed capital) to SEDI venture fund managers, provided the loan is matched by private funds. The Direct Venture Investment program provides matching equity alongside private funds (through program administrators).	Direct and loans for matching funds within venture firms
Rhode Island	The Rhode Island Venture Capital Fund invests funds, matched by the private sector, in seed and early stage Rhode Island startups.	The Venture Capital Program provides funding through four contracted venture firms, each with their own criteria and focus areas.	Direct

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
South Carolina	InvestSC, part of the state's existing Venture Capital Authority (S.C. Code Ann. § 11-45-10 et seq.), makes fund of funds and direct investments in South Carolina based startups and firms using SSBCI money. SC Launch, Inc., part of the South Carolina Research Authority, makes matching investments generally across stages into advanced technology companies located in South Carolina.	None	Direct and fund of funds
Tennessee	The Impact Fund is part of LaunchTN's portfolio designed to reinvest the returns from the original SSBCI distribution, focusing on seed-stage companies, and is currently fully deployed. TNInvestCo, which ended in 2024, was a state funding program for venture capital firms under which the firms marketed tax credits to insurance companies, which would purchase the credits with capital reserves. The venture funds used the capital for investment in Tennessee businesses, subject to auditing and reporting requirements.	InvestTN makes direct, matching investments in startups across stages and industries through the Regionals Seed Fund and the Growth Fund, and also operates a fund of funds (called the Multi Fund).	Direct and fund of funds

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
Utah	The Utah Innovation Fund , now part of the Nucleus Institute, makes direct investments into early-stage technology and innovation-focused startups.	None	Direct
Vermont	The Vermont Seed Capital Fund makes direct investments (between \$50,000 and \$250,000) in early stage, high growth potential technology companies in Vermont.	The Venture Capital Program allocated SSBCI funding to three Vermont-based venture firms in 2024.	Direct and fund of funds
Virginia	The Virginia Innovation Partnership Corporation offers a launch note program for certain eligible startups that have received double the matched funds and agree to remain in Virginia for at least three years.	Virginia Invests makes fund of fund LP investments into Virginia-based venture firms focused on various industries and stages. Virginia Venture Partners , makes seed and pre-seed investments in startups across industries and stages.	Direct and fund of funds
Washington	None	The Venture Capital Fund is a fund of funds model investing in firms focused on investing in underserved startups or targeted investment objectives, such as social equity, climate tech innovations, information technology, AI and machine learning.	Fund of funds
West Virginia	The West Virginia Jobs Investment Trust makes investments directly in early and late-stage startups across industries (prioritizing job creation).	The WVCAP Seed Capital Co-Investment Fund makes matching direct investments up to \$2 million in West Virginia-based startups across stages and industries.	Direct

Table 1 (continued)

State	Venture Fund	SSBCI Venture Fund	Investment Type
Wisconsin	The Badger Fund of Funds invests state funding in Wisconsin-based venture firms focused on a variety of geographies, sectors, and stages. The Technology Development Loan program gives loans that must be matched by venture capital to early stage technology startups, with the option to convert the loan to equity.	The Wisconsin Investment Fund makes matching LP investments in venture funds.	Fund of funds and loans to venture funds
Wyoming	None	WYVC Funds capitalize new and existing venture capital or angel funds focused on early-stage startups through LP investments in funds. WYVC Direct makes direct investments in Wyoming-based startups up to 20% of the fundraising round with maximum investment of \$5 million or 50% of the total round, whichever is less.	Direct and fund of funds

*“[Series](#)” refer to fundraising rounds, where founders spend dedicated time raising capital, including but not limited to venture capital, to continue growing the company.

TS:ms