

## **- U.S. Senator Tammy Baldwin -**

### ***The Small Business Innovation Act of 2016***

Small businesses are the engines of our economy. The *Small Business Innovation Act of 2016* will help fuel startups, entrepreneurs, job creation and economic growth.

#### **Supporting Our *Made in Wisconsin* Work Ethic and Tradition**

Wisconsin has a proud history of entrepreneurship and innovation. In 1883, John Michael Kohler manufactured the first enameled cast iron plumbing fixtures at his factory in Sheboygan. In 1903, Milwaukeeans William Harley and Arthur Davidson sold their first production motorcycle, the start of the Harley Davidson Motor Company. In 1934, Les Paul created the first electric guitar. And in 1976, Seymour Cray released the Cray One, starting the era of supercomputers in Chippewa Falls.

Today, this *Made in Wisconsin* work ethic and tradition needs to be supported and strengthened. That is why Senator Baldwin is introducing the *Small Business Innovation Act of 2016*.

According to the Ewing Marion Kauffman Foundation, one of the country's key entrepreneurship analysis and support organizations, the majority of new jobs in the U.S. are created by startups. In the 2016 Kauffman Index, Wisconsin ranked last in [startup activity](#) for the second year in a row and third-to-last in [entrepreneurship growth](#) among large states.<sup>1</sup> Additionally, Wisconsin continued to lag the nation in the latest quarterly census of job creation, ranking 33rd among the 50 states in the pace of job creation from March 2015 through March 2016 according to the Bureau of Labor Statistics.

#### **Providing Investments for Entrepreneurs and Small Business Startups**

Small business startups have a strong capacity for the job creation that is so desperately needed in Wisconsin and across the country. This legislation will help provide start-up companies with the venture capital they need to grow their business and create jobs.

- It expands the Small Business Administration's (SBA) authorization to provide up to \$4 billion in leverage to Small Business Investment Companies (SBICs).
- The SBIC program<sup>2</sup> is designed to increase small business access to venture capital by incentivizing the flow of private equity capital to small businesses.
- This capital is used to finance small businesses' operations, growth, and modernizations.
- This program has traditionally paid for itself through fees collected by the SBA from the SBICs.

#### **Increasing Access to Venture Capital Investments for Innovation**

The *Small Business Innovation Act of 2016* provides investments in economic growth not through direct government funding, but through increased access to venture capital investments.

The legislation:

- Authorizes a separate SBIC fund to provide, through participating SBICs, equity financing to support early stage businesses within targeted growth industries.
- Requires the company to make all of its investments in small businesses, of which at least 50% should be early-stage small businesses in targeted industries.

Small businesses are the engines of our economy, creating two out of every three jobs right now. If we give our entrepreneurs, small business owners, and workers a fair shot, they can compete against anyone. The *Small Business Innovation Act of 2016* is intended to help fuel job creation and economic growth. And when our startup businesses grow, Wisconsin families get ahead and the economic security of the middle class is strengthened.

## Strengthening Advanced Manufacturing, Research, Science and Technology

Manufacturing has long been the backbone of our “*Made in Wisconsin*” economy. So in order to create economic security for Wisconsin families, we need to grow our advanced manufacturing economy. The *Small Business Innovation Act of 2016* recognizes this and targets industries that are engaged primarily in researching, developing and manufacturing products.

However, we must also create an economy built to last that is guided by our state motto – “Forward.” In order to build long-term economic growth, Wisconsin needs to make a strong commitment to supporting investments in innovation, science, research and technology.

Wisconsin has been a leader in the areas of science, research, biotechnology, energy efficiency and water technology, and it’s important that we seize the opportunity to harness and support these assets. Senator Baldwin’s legislation does something that Wisconsin’s state venture capital fund does not – it includes Wisconsin biotechnology and life sciences.

The *Small Business Innovation Act of 2016* targets investments in these industries to build our innovation economy and move it forward.

- Targeted industries include advanced manufacturing; biotechnology; clean energy; environmental and agricultural technology; digital and information technology; and water technology.
- Preference will be given to those startups that have previously shown promise by receiving grants from the National Science Foundation, National Institutes of Health or Small Business Innovation Research program.

America is full of hard-working people with the ingenuity, the determination, and the civic spirit to become not just successful entrepreneurs and business owners, but engines of economic opportunity for their communities.



**The *Small Business Innovation Act of 2016* will help fuel these engines of job creation, economic growth, and shared prosperity for Wisconsin’s hard-working families and small businesses.**

<sup>1</sup> "State Rankings." Entrepreneurship & Education at the Kauffman Foundation. Ewing Marion Kauffman Foundation, n.d. Web. 07 Sept. 2016. <<http://www.kauffman.org/microsites/kauffman-index/rankings/state?Report=StartupActivity&Indicator=Rank>>.

<sup>2</sup> U.S. Small Business Administration. “SBIC Program | SBA.gov.” The U.S. Small Business Administration | SBA.gov. N.p., n.d. Web. 10 July 2013. <<http://www.sba.gov/category/lender-navigation/sba-loan-programs/sbic-program-0>>.