

## For HB 1141 LIFT funding bill

### Chairman Veeda and members of the Senate Government and Veteran Affairs Committee:

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The **Innovation Technology Loan Fund**, better known as **LIFT**, is a \$15 million gap fund created by the 2019 legislature in response to “funding gaps” with innovation-based companies – a funding gap identified by the Bank of North Dakota and the Commerce Department.

All \$15 M was invested in about 20 companies in 8 months of 2020. There were \$60 M in funding applications indicating the strong demand for this kind of gap financing. *Thus, LIFT funding this biennium should be increased to at least \$30 M... if not \$45 M ...to meet demand and potential impact.*

It is essential that North Dakota **diversify its economy** with **innovation-based** and **technology-based growth companies**. We remain too dependent on ag and energy commodities. LIFT provides critical, flexible gap financing necessary between applied research and the early commercialization stages. LIFT fills this funding gap and provides a **competitive advantage** to our state – a magnet to attract entrepreneurs.

The **innovation companies** in the LIFT portfolio I know from **out-of-state** (Mobile Recon, Krampade, Checkable Medical) would never be in North Dakota without this gap financing for growth. Other states do not offer gap financing like this. Mobile Recon was interested in North Dakota but heading to Oklahoma until they discovered this funding program. Oklahoma said “OK, we *cannot* compete with that.” LIFT attracted entrepreneurs in the bioscience and UAS sectors which we need.

**Innovative entrepreneurs from North Dakota** in the LIFT portfolio I know (Airtonomy, HubEdge, Three Farm Daughters) were stymied trying to raise early-stage equity for growth. The LIFT program – with flexible gap financing – was able to provide essential growth capital while helping them preserve owner equity. These entrepreneurs are in the artificial intelligence, UAS and value-added ag sectors. These entrepreneurs kept control of their venture, and are not at the whim of equity investors from out of state.

The **LIFT Committee** is a huge asset. The committee is made up of a top-performing venture capitalist (Bart Holaday), accountant to entrepreneurs (Randy Schneider), equity investor (Lauris Molbert) and experienced entrepreneur coach and angel fund manager (Tommy Kenville). The LIFT committee in conjunction with Commerce Staff is responsible for application reviews, due diligence, and term negotiations that fund growth entrepreneurs in the innovation and technology sectors.

Thank you for your favorable consideration and support of HB 1141, and to increase the fund size to \$30 to \$45 M.