



North Dakota Legislative Council

Prepared by the Legislative Council staff
LC# 27.9198.01000
June 2026

WONDER FUND NORTH DAKOTA AND ANGEL MATCH PROGRAMS

This memorandum provides information regarding State Small Business Credit Initiative (SSBCI) programs, including the Direct Investment Program, also known as Wonder Fund North Dakota, and the Angel Match Program, administered by the Department of Commerce and North Dakota Development Fund.

STATE SMALL BUSINESS CREDIT INITIATIVE PROGRAMS

Federal Authorization

On March 11, 2021, Congress passed House of Representatives Bill No. 319, also known as the American Rescue Plan Act (ARPA), to provide federal relief funding during the COVID-19 pandemic. As a result of increased funding authorized in ARPA, the United States Department of the Treasury expanded the SSBCI, which is a federal program provided to states and tribal governments to support small businesses and entrepreneurship in communities by providing capital and technical assistance to promote small business stability, growth, and success. Funding could be used for assisting small businesses and entrepreneurs through equity and venture capital initiatives, loans, collateral support, and capital access programs.

Pursuant to ARPA, the United States Department of the Treasury will cease all disbursement, technical support, and other program activities for SSBCI programs on March 11, 2028. After this date, any funding associated with SSBCI programs is not required to be returned to the Treasury and the reporting mandates required by the Treasury that are currently performed by the Department of Commerce will be discontinued.

State Authorization

In House Bill No. 1395 (2021), the Legislative Assembly appropriated \$56,234,176 from federal funds to the Department of Commerce for an SSBCI Capital Program for the 2021-23 biennium. The funding was to be used for providing loans and investment funding to small businesses, consortiums, and economic development funds.

In October 2022, the United States Department of the Treasury awarded \$58,641,843 to the Department of Commerce for SSBCI programs.

In House Bill No. 1018 (2023), the Legislative Assembly appropriated \$572,143 from federal funds to the Department of Commerce for an SSBCI Technical Assistance Program for the 2023-25 biennium. The department was also authorized an exemption to continue any unspent funding authorized for the SSBCI Capital Program during the 2021-23 biennium into the 2023-25 biennium. The department continued \$37,730,870 of funding authorized for the SSBCI Capital Program into the 2023-25 biennium.

In Senate Bill No. 2018 (2025), the Legislative Assembly authorized the Department of Commerce exemptions to continue any unspent funding from the SSBCI Capital Program and SSBCI Technical Assistance Program from the 2023-25 biennium into the 2025-27 biennium. The department continued \$18,956,089 of funding authorized for the SSBCI Capital Program and \$271,227 of funding authorized for the SSBCI Technical Assistance Program into the 2025-27 biennium.

Wonder Fund North Dakota

The United States Department of the Treasury authorized the Department of Commerce and the North Dakota Development Fund to utilize \$45,000,000 of the \$58,641,843 awarded under the SSBCI Capital Program for the Direct Investment Program to promote economic growth in the state by providing equity capital support to early-stage small businesses headquartered in North Dakota and coinvesting with private investors. Investments through the program provide from \$50,000 to \$5,000,000 per initiative with the average investment support estimated to be approximately \$250,000. Businesses must have fewer than 500 employees at the time of investment. Companies headquartered outside of North Dakota may be considered if the company's product or service has a material impact on North Dakota.

In January 2023, the North Dakota Development Fund selected a private venture capital investment company, O'Leary Ventures, through a competitive request for proposal process to manage the \$45 million Direct Investment Program. The agreement with O'Leary Ventures provides that the contract will terminate in 10 years unless extended by mutual written agreement of the Department of Commerce and O'Leary Ventures. Upon termination of the contract, funding invested by O'Leary Ventures is to be remitted to the state.

The Department of Commerce is the state entity listed as a party to the contract with O'Leary Ventures. If the agreement with O'Leary Ventures is not extended in 2033 at the end of the 10-year period, any assets from equity investments that are liquidated after the agreement terminates will be transferred to the department. Generally, if an agency does not have specific statutory authority regarding the deposit of funds received, the Office of Management and Budget directs the funds received to be deposited in the General Fund. Therefore, unless the Legislative Assembly provides direction regarding the use of future funding remitted to the state under the Direct Investment Program, any funding received by the department would likely be deposited in the General Fund. While unknown at this time, the management of investments under the Direct Investment Program may be transferred from O'Leary Ventures to the department or the North Dakota Development Fund until further liquidation of investments has occurred.

State Small Business Credit Initiative funding is released by the United States Department of the Treasury in tranches. The Department of Commerce has received \$30,372,362 for the Direct Investment Program, of which \$15,744,724 was received in October 2022 and \$14,627,638 was received in November 2024.

Through calendar year 2025, \$28,579,607 of SSBCI funding has been invested through the Direct Investment Program.

The Department of Commerce does not anticipate receiving the entire \$14,627,638 of SSBCI funding remaining from the Direct Investment Program grant award in the final tranche, but estimates an amount near the remaining balance will be received in 2026. If the department receives an amount near or equal to the remaining funding available for the Direct Investment Program and the Angel Match Program, the combined funding received may exceed the \$56,234,176 appropriation, resulting in the department seeking additional federal funds appropriation authority from the Emergency Commission and Budget Section during the 2025-26 interim, or from the 2027 Legislative Assembly for the 2027-29 biennium.

Angel Match Program

The United States Department of the Treasury authorized the Department of Commerce and the North Dakota Development Fund to utilize \$13,641,843 of the \$58,641,843 awarded under the SSBCI Capital Program for the Angel Match Program, which is a program designed to support high-growth, early-stage primary sector North Dakota businesses by matching investor commitments of at least \$10,000 and up to \$250,000 per business. The program is managed by the North Dakota Development Fund.

The program was created to expand access to capital for underserved communities by focusing on outreach, technical assistance, and capital investment in rural communities, tribal communities, and communities undergoing economic transitions such as communities related to the coal industry. To be eligible for an equity investment, a business must be headquartered in North Dakota and at least one

executive level employee and 25 percent of all W-2 employees must be residents of North Dakota. These requirements must be maintained while funding provided by the North Dakota Development Fund is at risk. Businesses must have fewer than 250 employees at the time of investment.

State Small Business Credit Initiative funding is released by the United States Department of the Treasury in tranches. The Department of Commerce has received \$8,197,260 for the Direct Investment Program, of which \$3,330,725 was received in October 2022 and \$4,866,535 was received in November 2024.

Through calendar year 2025, \$4,060,000 of SSBCI funding has been invested through the Angel Match Program.

The Department of Commerce does not anticipate receiving the entire \$5,444,583 of SSBCI funding remaining from the Angel Match Program grant award in the final tranche, but estimates an amount near the remaining funding will be received in 2026. If the department receives an amount near or equal to the remaining funding available for the Direct Investment Program and the Angel Match Program, the combined funding received may exceed the \$56,234,176 appropriation, resulting in the department seeking additional federal funds appropriation authority from the Emergency Commission and Budget Section during the 2025-26 interim, or from the 2027 Legislative Assembly for the 2027-29 biennium.

Any funding obtained from liquified equity investments under the Angel Match Program after the conclusion of the program would be retained in the North Dakota Development Fund for programs authorized under North Dakota Century Code Chapter 10-30.5 and expended pursuant to continuing appropriation authority under Section 10-30.5-10.

Technical Assistance Program

The Department of Commerce contracted ILT Academy to administer the SSBCI Technical Assistance Program. The department received the entire \$572,143 awarded by the United States Department of the Treasury for the program, of which \$188,807 was received in October 2023, \$188,807 was received in February 2025, and \$194,529 was received in September 2025. The department does not anticipate additional funding will be received for the program.

Through calendar year 2025, the Department of Commerce has spent \$527,876 on the SSBCI Technical Assistance Program.

SUMMARY

The following is a summary of funding appropriated to the Department of Commerce for SSBCI programs since the 2023-25 biennium:

	SSBCI Technical Assistance Program	SSBCI Capital Program		
		Direct Investment Program (Wonder Fund North Dakota)	Angel Match Program	Total SSBCI Capital Program
Appropriation ¹	\$572,143	\$0	\$0	\$56,234,176
Funding awarded	572,143	45,000,000	13,641,843	58,641,843
Funding received through 2025	572,143	30,372,362	8,197,260	38,569,622
Maximum future funding ²	0	14,627,638	5,444,583	20,072,221
Total maximum funding	\$572,143	\$45,000,000	\$13,641,843	\$58,641,843
Funding spent through 2025	527,876	28,579,607	4,060,000	32,639,607
Maximum future funding available	\$44,267	\$16,420,393	\$9,581,843	\$26,002,236

¹The Legislative Assembly appropriated \$56,234,176 from federal funds for an SSBCI Capital Program for the 2023-25 biennium. The Department of Commerce received approval from the United States Department of the Treasury to use the funding for a Direct Investment Program and an Angel Match Program.

²The amount shown reflects the maximum funding that the Department of Commerce could receive from the United States Department of the Treasury based on the grant award provided by the Treasury. While the department estimates the remaining funding to be received will be significant, the department does not anticipate the entire remaining grant award amount will be received.

Program requirements established by the United States Department of the Treasury and the Department of Commerce do not disallow companies from receiving funding through both the Direct Investment Program and the Angel Match Program; however, companies that qualify for an equity investment under the Angel Match Program likely would not be eligible for an equity investment under the Direct Investment Program because the Direct Investment Program is generally used for investments in more established companies than the companies invested in through the Angel Match Program.