

ACCESS TO FUNDING: THE RIGHT KIND OF CAPITAL EVERYWHERE

Statistics indicate there is untapped economic power that remains overlooked in entrepreneurs of color, women, and rural residents. As a nation, we must support all Americans eager for a fair shot at a brighter future by leveling the playing field and expanding access to opportunity, capital, practical knowledge, and the necessary support for entrepreneurs to take risks.

Here's a look at how *America's New Business Plan* recommendations can expand access to capital so that all entrepreneurs are given equitable opportunities to turn their ideas into businesses.

Make a National Commitment to Expanding Access to Capital for All Entrepreneurs

- Improve capital access programs to reflect the fact that the age of a business, not its size, is the key factor in job creation and direct more support to entrepreneurs launching new businesses.
- Make substantial funding available to states for strengthening the private financing of new businesses.
- Form a public-private taskforce to evaluate the history and current impact of redlining and to recommend actions, including relevant changes to the Community Reinvestment Act, that counter decades of disinvestment and discrimination.
- Evaluate Opportunity Zones to understand the impact of this program to date and to identify reforms to ensure the program better serves new and small businesses, especially those owned by entrepreneurs of color.

Invest in Local Financial Institutions

- Expand the U.S. Treasury Department's CDFI Fund to help CDFIs scale and lend to more new and small businesses in their communities.
- Encourage the capitalization of local financial institutions by backstopping "equity-like" investment in CDFIs and MDIs and strengthening investor tax credits.
- Provide technical assistance and funding to help CDFIs expand operations.
- Establish community deposit programs or expand existing community deposit programs to facilitate greater lending to new and small businesses.

Develop State and Local Entrepreneurial Capital Catalyst Grants

- Create “evergreen” community investment funds that support new businesses as they move through the early stages of proof-of-concept and product development.
- Build collaborative investment funds that engage established businesses to work with emerging businesses for joint product development and supplier relationships.
- Support investment funds that spur the growth of new financial intermediaries — entrepreneurs creating capital to invest in other entrepreneurs — particularly those with innovative models such as revenue-based investing and profit-sharing.

Protect Entrepreneurs Through Truth-in-Lending Laws

- Apply relevant consumer truth-in-lending rules to new and small business borrowers so there is greater transparency in lending terms, rates, and other conditions, including for all nonbank commercial financing products.

Unleash Online Tools to Drive Alternative Funding Opportunities into the Heartland

- Create tax incentives for investors purchasing securities offered by new businesses through qualifying crowdfunding channels.
- Improve regulatory flexibility and reduce compliance burdens in crowdfunding.
- Collect demographic information on the U.S. Securities and Exchange Commission’s Form C about the entrepreneurs whose businesses are seeking to raise capital via Regulation Crowdfunding and report data disaggregated by race and gender.

Visit StartUsUpNow.org to learn more about the policy recommendations of America’s New Business Plan.