

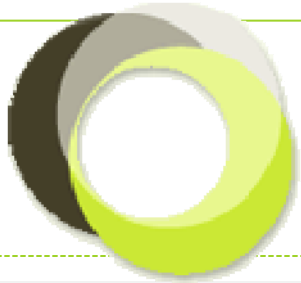


Incentivizing Small Business Development



**SUGGESTIONS FOR ASSISTING THE
CREATION AND GROWTH OF SMALL
BUSINESSES**

**Tim Early
President
Hampton Roads Technology
Council**



Hampton Roads Technology Council



- Founded in 1997
- 1 of 10 Virginia technology councils comprising the Virginia Technology Alliance
- Comprised of both technology and non-technology companies and individuals
- Approximately 100 companies ranging from M&S to Bio to IT to Alternative Energy
- Operates two technology incubators
- Reaches almost 4,000 individuals weekly
- Enables IT user groups and the Defense & Homeland Security Consortium

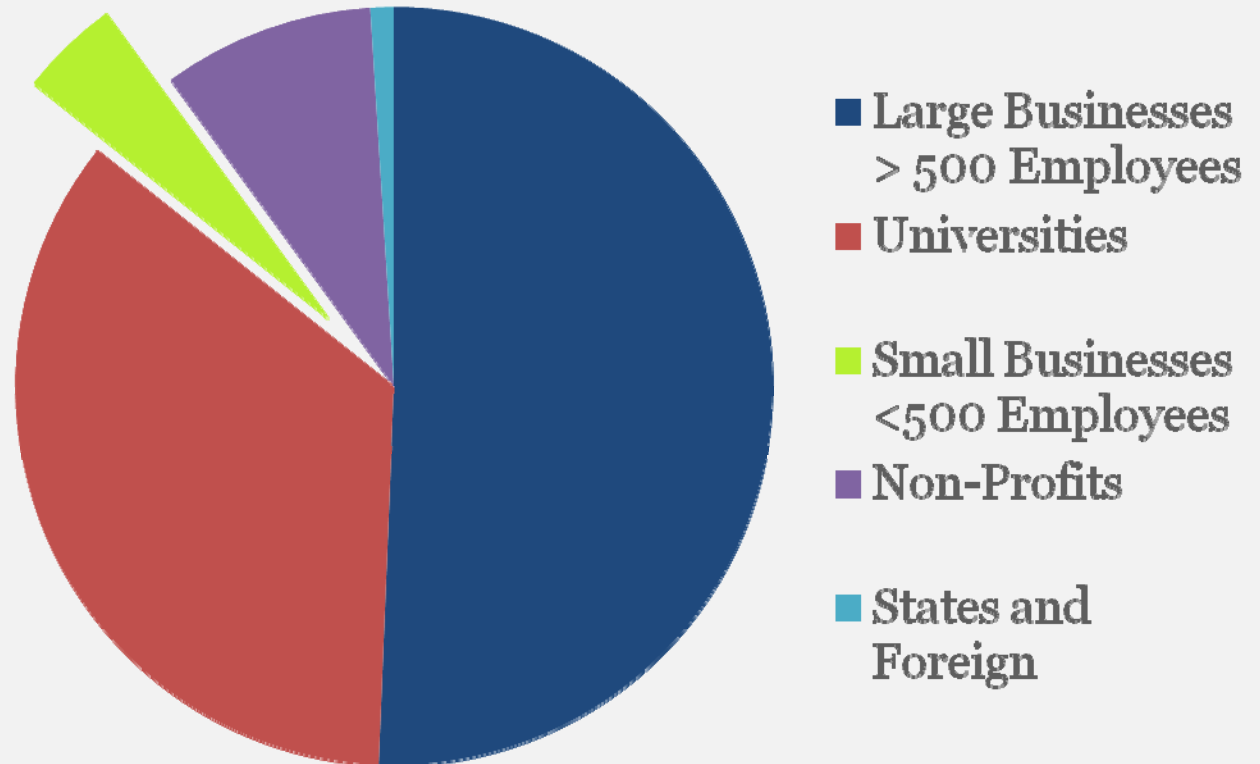


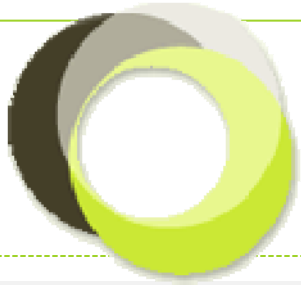
Inequality for Small Business



Small business has created 93.5% of all jobs in America from 1989 to 2005

Percentage of total extramural Federal R&D Expenditures Received by Academia and Businesses (NSF FY-2005)





Community / Entrepreneur Paradigm



- Small business growth as a product of community cooperation
- Community tools to foster small business growth
- Successful localities
 - Effective leadership at top of ED operations
 - Adequate human resources
- Needed capital



Challenges



- Lack of Sufficient Financing
- Regulation
- Unleveraged Economic Development Entities
- Acceptance of Technology



Financing Challenges



- Lack of investor confidence
- Local governments' limited abilities
- Availability of current financial resources
- What is needed:
 - Investor guarantees
 - Identification of additional sources of capital
 - Facilitation of the sources of capital / entrepreneur relationship



Suggestions



Financial

- Use 3% of state retirement pool or a bond issue to match up to 40% of Virginia angel investments for Virginia startups;
- Issue bonds to build a credit guarantee fund to back 20% of bank loans...similar to SBA;
- Facilitate ability, as well as permit and guarantee a percentage, of Higher Education Research Foundations to make investments



Suggestions



Financial

- Fully fund Enterprise Zones
- Adjust Enterprise Zone funding
- Fully fund the Qualified Equity and Subordinated Debt Investments Tax Credit
- Consider matching grants (such as 25% to 50%) of SBIR's



Suggestions



Regulation

- Eliminate the 0-level credit requirement on utility reimbursement
- Utilities should pay their wholesale price for energy that consumers sell back



Suggestions



Economic Development

- Create statewide marketing program encouraging entrepreneurship
- Create statewide marketing program encouraging embracing technology through use or product/service enhancements



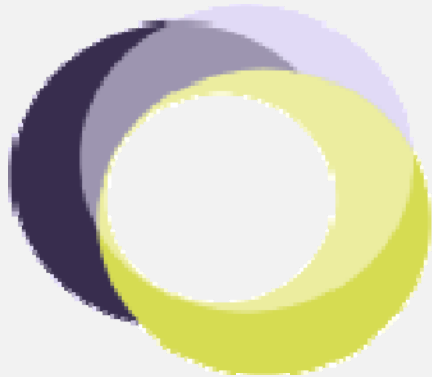
Suggestions



Use of Technology

- Develop a searchable database of Virginia manufacturers, assemblers, and shippers
- Use of new technologies by State agencies

**Thank you for your time
and consideration**



**HAMPTON ROADS
TECHNOLOGY COUNCIL**