

LIFT or the Innovation Loan Fund Program was created by the 2019 Legislature through House Bill 1333. The bill established the program guidelines and directed the Department of Commerce to appoint a Committee to oversee implementation of the program and direct loan investments. The appropriation to this initiative is \$15,000,000. The members of the LIFT Committee are:

In early October, the LIFT Committee held an organizational meeting to establish guidelines to implement Legislative intent. The board established its mission:

“To support and encourage sustained, positive economic growth of the state of North Dakota Through the placement of preferential financing resources to carefully vetted and high capacity Innovations supporting commercialization, patents or technology”.

The intent of the legislation is to aid in diversification of the economy. The specific purpose of the LIFT Fund is to support

- Applied Research
- Experimentation and /or operational testing
- Commercialization of new products
- Capacity to attract outside capital
- Providing growth financing to support a variety of pre-revenue and revenue positive companies.

As noted in HB1333, specific sectors in which diversification are to be supported include:

- Advanced computing and data management
- Agriculture Technology
- Autonomous And unmanned vehicles and related technologies;
- Energy;
- Health care;
- Value-added agriculture;
- Value-added energy; and
- Any industry or area specifically identified by the committee as an industry that will contribute to the diversification of the state's economy.

The initial criteria established by the committee for applicants includes:

1. Must be operating in the state of North Dakota and use the funds in North Dakota
2. Applicants must be maintaining active revenue OR contractual agreement for revenue generation dependent on use of funds
3. May be pre-revenue, dependent upon market valuation
4. Applicants must provide a differentiated capability verses current market offerings
5. Business must be market driven with a competitive advantage.

The Committee will provide favorable weighting to:

1. Applicants that are leveraging a uniquely patented technology, process or innovation
2. Applicants that provide a strong platform for national or international market growth
3. Those applicants that attract outside capital to North Dakota via private investment sources
4. Applicants whose innovation or product lead to higher paying, skilled employment opportunities or will assist in attracting critical or scarce talent to North Dakota.

The Committee will seek to avoid:

1. Applications that meeting existing BND loan criteria
2. Applications that are otherwise bankable
3. Applications that replicate an existing technology or product

How will the LIFT Committee make an investment decision?

The LIFT Committee will review applications and seek to fund those meeting the criteria identified above. Approval is at the discretion of the committee. There are no predetermined decisions on specific funding related to geography or industry. The goal of the committee is to fund the best applications with the most opportunity for success leading to economic diversification.

What is the anticipated minimum and maximum Loan to an applicant?

The legislation did not set any minimums or maximums for loans. However, in general, the committee will use parameters from \$100,000 to \$1,000,000.

What is the implementation timeline for LIFT?

The application process is now open and applications will be reviewed by the Committee as part of an on-going process until the funding is committed.

What is the turn-around time to receive funds once the LIFT application is approved by the Committee?

The turn-around time to receive funds once the committee approves the application is 30 to 60 days.

Will a personal guarantee be required of the applicant for the loan?

Personal guarantees and collateral commitments will not be required for applicants. However, the committee reserves the right to negotiate with the applicant for royalties that might result from a successful commercialization.

What are the repayment terms of the loan?

As established by the Legislature, there is no interest or payments on the loan for the first three years. In year four and five an interest rate of 2% is incurred and interest only payments will be required. The balance of the note is due at the beginning of year 6.

Will the Committee provide loans to a broad spectrum of companies?

The committee will provide loans to those companies and entities submitting applications that meet the identified goals of the LIFT Committee. There are no predetermined decisions on specific funding related to geography or industry. The goal of the committee is to fund the best applications with the most potential to achieve commercialization and diversification of the North Dakota economy.