

**Written Testimony before the U.S. House of Representatives, Committee on Small Business**

**Field Hearing Entitled “Silicon Prairie: Tech, Innovation, and a High-Skilled Workforce in the Heartland”**

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**October 8, 2019**

My name is Ruben Alonso III. I am the President of AltCap, an impact-driven CDFI and SBA Microloan intermediary serving the Kansas City metro. I am also, a Board member of Equity<sup>2</sup>, an investment affiliate created by AltCap and initially focused on Opportunity Zone investments in Kansas and Missouri.

I want to thank Chairwoman Velázquez and Members of the Committee for the opportunity to speak to you today about supporting tech, innovation and a high-skilled workforce in the Heartland. I will speak specifically to the importance of access to capital and how it can help drive business investment in technology and innovation in the Heartland.

As jobs in the manufacturing and agriculture sectors continue to wane, investments in technology, innovation/R&D and workforce development are key to ensuring our economy in the Heartland continues to grow. While the Heartland offers a number of advantages that make it attractive for business investment (e.g. centrally located, low operating/living costs, “midwest work ethic”) it continues to fall short when it comes to attracting venture or equity capital. Around 80% of venture capital investment is consistently concentrated on the coasts. Addressing this disparity is critical to supporting the growth and development of industries and the broader economy in the Heartland.

As a CDFI, AltCap is focused on supporting economic development through entrepreneurship and small business investment. By providing financing through CDFI Fund programs including the New Markets Tax Credit Program and Financial Assistance Award Program, AltCap is supporting start-up and existing small businesses as well as our local economy. Yet the debt financing that AltCap provides, while offering significant flexibility to the borrower, is not always ideal for tech-based businesses because of the burden of monthly debt and interest payments, not to mention they typically have few assets to help secure a loan. That said, many of these businesses are what drive innovation and are largely responsible for high-skilled workforce development.

With the creation of our recent Opportunity Zone investment affiliate, Equity<sup>2</sup>, we now have a tool to deliver the type of capital that can support deeper investments in tech and innovation in the Heartland – and specifically in communities that have lacked investment. The Opportunity Zone incentive gives us the ability to 1) attract investment capital both locally and nationally, and 2) significantly increase our investment in innovation driven, tech-based businesses – offering them the type of patient capital they need to develop and grow, right here in the Heartland. Our hope is that by using the Opportunity Zone incentive we will be able to attract more investment capital and open up new opportunities for investment by investors throughout the country in tech and innovation in the Heartland.

Access to capital and investment tools such as New Markets Tax Credits and Opportunity Zones will continue to play an important role in supporting business investment in technology and innovation in

the Heartland. Much like our agrarian roots, AltCap and Equity<sup>2</sup> are committed to leveraging these tools to grow Kansas and Missouri small businesses and grow our economy.

Chairwoman Velázquez and Members of the Committee, thank you for the opportunity to testify today. I am happy to address any questions that you may have.