

Nevada Executive Summary

Entrepreneurial Communities LLC. assessed the Nevada ecosystem during the winter of 2022-23. Economic and community data were aggregated and benchmarked against other Western states, including Arizona, California, Idaho, Oregon and Utah. Stakeholder interviews and roundtables were hosted in December 2022 and January 2023. Two national roundtables of entrepreneurship researchers and practitioners, one urban and one rural, were convened in February 2023 to provide insight and recommendations for this report.

The state of Nevada has an opportunity to reimagine economic and community development in response to accelerating changes in the global economy. Like many states, Nevada is half in the old economy and half in the new. In rural Nevada, economic development leaders and their communities have yet to be disrupted by technology innovation, automation and the demands of a new, globally engaged generation of workers. There is little urgency for change. However, as high-speed bandwidth becomes available to every home and business in places like Battle Mountain and Elko, these communities will have an exciting opportunity to reimagine their future.

In Las Vegas and Reno, globalization and technology automation is underway in every industry sector. Because the state is so internationally connected, the shifts here are rapid and dramatic. The entrepreneurs who are leading these shifts need the support of public sector policy and programs to fully contribute to Nevada's economy. This report is a call to leadership throughout Nevada to move at the speed of the innovation economy; to realign funding to support emerging industries and growth-oriented startups; to educate those in positions of leadership to be as bold as Nevada entrepreneurs by delivering upon new economic development initiatives that did not make sense in the old economy but are critical in the new one.

Governor's Office of Entrepreneurship

The creation of a Governor's Office of Entrepreneurship can unify efforts to build an innovation driven economy by convening, then unifying, regional networks of entrepreneur support organizations (ESOs). Through training, education and centralized distribution of information, Nevada ESOs will be empowered to coordinate ecosystem building within their local regions, resulting in more collaboration, better referrals, and fewer overlapping resources. This office can reimagine the multitude of online resource directories to better align with entrepreneur needs. A biennial survey of the entrepreneurial community administered during non-legislative years can identify entrepreneur friction points and address resource gaps as they arise, and the creation of an Innovation Dashboard will track Nevada's collective progress in building the innovation economy over time.

Streamline Technology Transfer

Unifying the technology transfer processes into a single streamlined system should be a long-term goal in Nevada. Short term, comprehensive plans from UNLV, UNR and DRI that outline commercialization and licensing goals and identify process improvements is key- and new resources are needed to ensure that the institutions have the capacity to deliver on licensing activity. Reviewing the inventor/institution licensing splits and adding patents and startup activity to the faculty tenure track will improve cultural support for commercialization among researchers and institutional leaders. The development of a Nevada First licensing strategy and building the capacity of LVGEA, EDAWN and other economic development organizations in the state to bring qualified licensees and startups to take part in commercialization at all stages will, over time, result in dynamic economic growth in emerging industries.

Equitably Align State Resources with the Innovation Economy

Knowledge Fund was envisioned to deliver innovation based economic development. It has not been utilized to its potential, in part, because of a lack of full funding and limiting administrative rules guiding how funds are distributed. The fund should be increased to \$15M to deliver on building the innovation economy in Nevada. The administrative rules should be expanded to allow for greater flexibility in investments into the emerging capital needs of researchers and entrepreneurs and to seed public private partnerships in support of new programs and resources. Administratively, the state should continue to work to improve licensing policies across occupations and business registration systems.

Education of Nevada residents should be a priority. Among entrepreneurs interviewed, 100% indicated that their children were in private schools. Every high performing ecosystem from Boston to Austin, Nashville to San Diego has realigned and increased investments into education, resulting in a ready workforce, more innovation and entrepreneurship in those places. Investing now into the numbers of residents with high school degrees, bachelor's degrees and scientific certifications will reap critical rewards Nevada needs to compete in a global economy going forward.

Help Microbusinesses Compete Online

The state has a significant opportunity to diversify the workforce by increasing the numbers of new business startups and to contribute to the expansion of nearly 90,000 existing Nevada companies with fewer than ten employees. By ensuring Nevadan's have access to affordable bandwidth statewide and stepping up digital literacy training and specific support in online business and work opportunities, significant strides in workforce diversity can be had. Funding for the NSBDC and GOED should be enhanced to lead in these efforts.

Every Nevadan should have an opportunity to be a part of the global economy whether through a side hustle, a small business or a venture driven technology company. If provided resources and roadmaps, the innovative and fiercely independent people of Nevada will respond, building thriving cities and strong communities ready to compete in the innovation economy.

The Nevada Statewide Ecosystem

Overview

Nevada is a beautiful reflection of the current American entrepreneurial scene. In the north, the city of Reno has built a vibrant community of entrepreneurs and creatives poised for growth in every sector. In the south, Las Vegas is engaged in a chaotic and organic movement toward economic diversity, positioned to launch an international ecosystem. Nevada’s rural communities are a mosaic of independent economies, stymied from growth and opportunity by the lack of bandwidth yet primed with talent, ideas, and self-determination. Collectively, the strategies needed to move all these ecosystems forward are as unique as the regions themselves.



The Kauffman Foundation’s Early-Stage Entrepreneurship series is a set of measurements that reflect new business creation activity in the United States. They are based on data from the Current Population Survey (CPS), a joint study of the U.S. Census Bureau and Bureau of Labor Statistics (BLS). These indicators include multiple, high-signal sources of information on early-stage entrepreneurship from 0-1 year of age. This data includes entrepreneurs from throughout the stack.

Startup and Survival Rates of Nevada Entrepreneurs

| | Rate of New Entrepreneurs | Startup Early Survival Rate |
|---------------|---------------------------|-----------------------------|
| Nevada | 0.34% | 83.2% |
| Arizona | 0.39% | 81.7% |
| California | 0.43% | 82.6% |
| Idaho | 0.33% | 80.9% |
| Oregon | 0.34% | 78.4% |
| Utah | 0.25% | 81.8% |
| National Avg. | 0.33% | 80.5% |

In 2021, the most recent year for which Kauffman has released its figures, approximately 0.34% of the population started a business in Nevada, meaning that an average of 340 out of every 100,000 adults became new entrepreneurs every month. Nationally, the rate of new entrepreneurs was 0.33%. The rate of new entrepreneurs varies greatly across Western states with the highest rate of startups occurring in California and lowest rate in Utah.

Source: 2021 Kauffman Indicators of Entrepreneurship.
indicators.kauffman.org/data-tables/early-stage

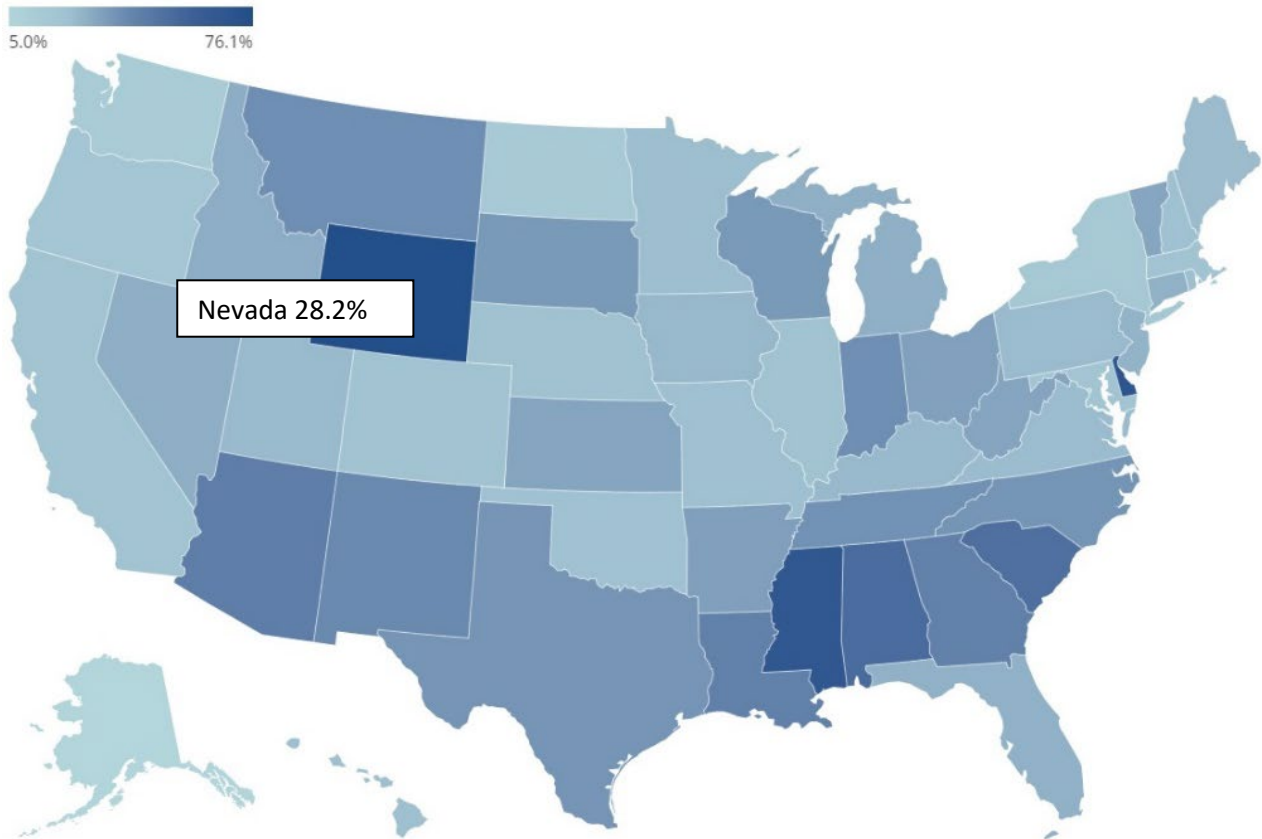
Companies who start a business in Nevada are very likely to survive their first year. More than 83% of Nevada entrepreneurs are still in operation after 12 months, the highest survival rate of the Western states.

2022 Business Startup Rates

For many Americans, 2022 marked the end of the pandemic. People across the country started businesses in record numbers. Nearly 1.7M Federal Employer Identification Number (FEIN) applications were filed by startup companies—a 27.8% increase over pre-pandemic baselines—and the second-largest total on record. Including sole proprietors, the number of new business applications filed by Americans totaled 5.1 million.

Nevada ranked 10th in the country for FEIN applications in 2022, with 5.6 applications per capita. This is a 28.2% increase over 2019 startup levels in the state. These potential startups are particularly important because they represent the businesses most likely to lead lasting job growth and innovation. According to the Economic Innovation Group (EIG), this trend may be the beginning of a long arc of resurgence in entrepreneurial activity nationwide.

Growth in 2022 relative to 2019 levels



Map: Economic Innovation Group • Source: U.S. Census Bureau's Business Formation Statistics



Necessity Entrepreneurship

Nevada is still recovering from the pandemic, as reflected in the higher rates of necessity entrepreneurs in the state. The Kauffman Foundation measures necessity entrepreneurship as the percentage of individuals who start businesses directly from unemployment vs. those who start a business outside of unemployment benefits (likely due to a perceived opportunity).

Nationally, more people were driven to form a company out of necessity during the pandemic than during other recent economic disruptions. The increase in necessity entrepreneurs during the first year of the pandemic was more than twice as high as during the Great Recession.

Nevada’s share of necessity entrepreneurs is 23.6%, up from 17.48% pre-pandemic. Coupled with high state unemployment rates, this suggests that some individuals are starting businesses because they perceive few options for employment.

The KESE Index presents a snapshot of early-stage entrepreneurial activity and evenly weights contributions from Kauffman’s entrepreneurship indicators. It can be used to track changes in entrepreneurial activity over time at the national or state level. In 2021, the KESE Index ranged from a low of -6.0 in Rhode Island to a high of 8.8 in Florida.

Necessity and Early-Stage Entrepreneurship

| | Necessity Share | KESE Index |
|---------------|-----------------|------------|
| Nevada | 23.6% | 2.2 |
| Arizona | 21.6% | -0.2 |
| California | 22.4% | 3.0 |
| Idaho | 10.7% | 1.8 |
| Oregon | 23.4% | 2.4 |
| Utah | 8.6% | 4.0 |
| National Avg. | 20.8% | 0.5 |

Source: 2021 Kauffman Indicators of Entrepreneurship. indicators.kauffman.org/data-tables/early-stage

Nevada’s 2.2 KESE index in 2021 can be used as a baseline to track changes in the ecosystem in coming years, with an intent to drive the collective indicators higher over time.



Small/Microbusinesses and Technology

In the aftermath of the pandemic, the economy has fundamentally changed. Throughout the entrepreneurial stack, all businesses are being forced to adopt tech-based operations, new sales channels, and online marketing/communications in response to accelerating automation, changing consumer behavior, and global competition. While there has been considerable emphasis around supporting disruptive tech-based startups/scaleups, the field has been slow to build metrics around how technology is empowering the next generation of small/microbusinesses.

“In today’s economy, virtually every business is a technology company.”

—Dr. Kellen Gracey, Nevada Roundtable

The Venture Forward project at GoDaddy has launched new measuring tools to explore this. Venture Forward examines the business experience of microbusinesses—defined as companies with 10 or fewer employees and an online presence—to understand how this portion of the stack holds up in the new economy. The Microbusiness Activity Index (MAI) below assesses the number of microbusinesses in an area (participation), how active they are (engagement), and how well-prepared a community is to support them (Infrastructure). MAI provides an overall score that community leaders can use as a benchmark for understanding patterns and opportunities within the ecosystem that serve this segment of the stack.

Microbusiness Activity Index (MAI) and Component Sub-Indices

| | MAI | Engagement | Participation | Infrastructure |
|----------------------|------------|------------|---------------|----------------|
| Nevada | 4.4 | 1.7 | 4.7 | 1.2 |
| Arizona | 5.6 | 5.0 | 3.2 | 3.4 |
| California | 5.7 | 4.7 | 3.4 | 4.9 |
| Idaho | 4.4 | 6.4 | 1.3 | 3.4 |
| Oregon | 6.5 | 7.8 | 2.5 | 6.4 |
| Utah | 7.7 | 5.6 | 3.6 | 9.3 |
| <i>National Avg.</i> | <i>2.7</i> | <i>7.6</i> | <i>-.6</i> | <i>2.6</i> |

Source: 2022 GoDaddy Venture Forward Microbusiness Data. godaddy.com/ventureforward

Engagement is a measure of signals determining how active a business is online—its traffic, economic footprint, and web security measures, for example. In Nevada, this is quite low at 1.7, suggesting the microbusinesses that are online could be doing more to attract visitors and conduct more business.

Participation considers the raw number and growth rate of small businesses and the numbers of entrepreneurs who own them. The state of Nevada is maintaining a healthy rate of participation year over year, leading comparison states.

Infrastructure assesses how well connected a community is. Nevada’s infrastructure score of 1.2 is very low and reflects the identifiable gaps in high-speed internet availability, adoption rates, and the socioeconomic status of microbusinesses in the state.

Venture Forward introduced the Microbusiness Industry and Commerce dataset, leveraging transactional data among microbusinesses in 2022. These metrics paint a picture of how healthy and economically powerful the online small business ecosystem is in a given area. The table below lists the top microbusiness industries operating in each metro area as measured by their gross merchandise value (GMV). In Nevada, health and medicine, beauty, and consulting are the top online industries.

Microbusiness Industry and Commerce

| | Orders Rank | Merchants Rank | GMV Rank | Top 3 Industries |
|------------|-------------|----------------|----------|---|
| Nevada | 10 | 5 | 13 | Health and Medicine, Beauty, Consulting |
| Arizona | 4 | 2 | 11 | Beauty, Health and Medicine, Pets |
| California | 35 | 27 | 33 | Beauty, Health and Medicine, Automotive |
| Idaho | 26 | 13 | 34 | Sports, Automotive, Retail |
| Oregon | 5 | 18 | 16 | Health and Medicine, Sports, Automotive |
| Utah | 7 | 26 | 24 | Sports, Retail, Health and Medicine |

Source: 2022 GoDaddy Venture Forward Microbusiness Data. godaddy.com/ventureforward

The table above showcases three rankings. The Orders ranking provides a state rank for online orders per capita. Nevada ranks 10th in the number of online orders, lower than Arizona, Oregon, and Utah, which do very well in this space, but ahead of Idaho and California. The Merchants ranking measures the number of online merchants per capita. Nevada ranks favorably against all benchmarked states with only Arizona ranking higher. The GMV ranking represents sales totals, or the amount of goods and services that are sold pre-tax and before any shipping/handling fees. Nevada outranks all surrounding states but Arizona in GMV.



Demographics

Goals: There are baseline demographics common to vibrant ecosystems, including higher educational levels (particularly in STEAM fields), higher median household incomes, diversity, and high household adoption to the internet.

Age, Income, and Education

| | Median Age | Median Household Income | Bachelor's Degree or Higher |
|------------|------------|-------------------------|-----------------------------|
| Nevada | 39 | \$66,274 | 28% |
| Oregon | 40 | \$71,562 | 36% |
| Idaho | 37 | \$66,474 | 31% |
| Utah | 32 | \$79,449 | 37% |
| Arizona | 39 | \$69,056 | 32% |
| California | 38 | \$84,907 | 36% |

Source: 2021 American Community Survey Five-Year Estimates Data Tables, U.S. Census Bureau. data.census.gov/

Nevada's median age of 39 is aligned with benchmarked states. Household income is the lowest among surrounding states, and the state trails considerably in education among those who have earned a bachelor's degree or higher. There are 171 private schools in Nevada, the majority of which are in Southern Nevada; they are split between private schools that are religious and private exempt schools that are nonreligious. Among entrepreneurs interviewed with families in Northern and Southern Nevada, 100% indicated their children were enrolled in private schools. There are several charter schools throughout the United States that offer specialized curriculum in STEM, technology, and entrepreneurship. San Diego's School for Entrepreneurship and Technology, for example, is a highly rated and accredited charter school serving 9th- to 12th-grade students with STEM-based education coupled with entrepreneurial-focused training. Such schools offer the potential to augment the pipeline of young talent and be attractive options for entrepreneurs with families.

100% of entrepreneurs interviewed with families in Northern and Southern Nevada indicated their children were enrolled in private schools.

Diversity

The Kauffman Foundation reports that entrepreneurs in the United States are 80% white and 65% male. This is poorly representative of the U.S. population. Multiple studies show that American companies have more sustained, profitable growth when they have more women in leadership roles. Other global research shows that business problems are solved more quickly and effectively by teams made up of individuals of diverse backgrounds.

Non-White Share of Total Population, Observed and Estimated

| | 1980 | 1990 | 2000 | 2010 | 2019 | 2020 | 2030 | 2040 | 2050 |
|------------|------|------|------|------|------|------|------|------|------|
| Nevada | 17% | 21% | 35% | 46% | 51% | 53% | 58% | 64% | 69% |
| Arizona | 25% | 28% | 36% | 42% | 45% | 46% | 50% | 54% | 58% |
| California | 33% | 43% | 53% | 60% | 63% | 64% | 68% | 71% | 74% |
| Idaho | 6% | 8% | 12% | 16% | 18% | 19% | 21% | 24% | 27% |
| Oregon | 7% | 9% | 16% | 22% | 24% | 26% | 30% | 35% | 40% |
| Utah | 8% | 9% | 15% | 20% | 22% | 23% | 26% | 29% | 31% |

Source: National Equity Atlas Data Summary
<https://nationalequityatlas.org/indicators/Race-ethnicity#/>

With more than half of Nevada’s current population non-white, and 69% of the state’s population projected to be so by the year 2050, cities and rural communities in Nevada are better positioned than most other surrounding states to take advantage of growing diversity to beta test programs and resources to increase the numbers of minority startups.

Public Policy

Goal: *Future-focused public policy should strive to reduce the friction associated with startup activity, including compliance, licensing, and regulation. The public sector should operate to guide and support vs. ban or bar. It is in the hands of public policy makers to ensure that everyone has access to ubiquitous, affordable, high-speed bandwidth.*

Nevada’s tax and regulatory policies reflect the state’s independent culture, dating back to the initial state government in 1864. Early lawmakers attempted to establish Nevada as a state that permitted activities that all other states prohibited. That included prostitution, gambling, easy divorces, prizefighting, and other “scandalous” activities of the time.

Today’s legislature continues to limit intrusion into business activities and to promote emerging industry. There are no corporate income taxes or personal income taxes in the state. According to a Kiplinger report in 2018, Nevada is among the most tax-friendly states in the United States. Nevada was the first state to green-light autonomous vehicles. Smart Assets ranks Nevada as the “best state for cryptocurrency enthusiasts” because of the state’s crypto-friendly legislation.

In 2019, Nevada passed the Sandbox Program, which exempts some businesses who are testing innovative financial products and services from certain licensing and regulatory requirements. Benefit Corporations (B Corps) were legalized in 2013. Paul Diflo, Business Portal Administrator at the Nevada Secretary of State office, stated in a January 2023 interview that he aspires to “make Nevada the Delaware of the West.” Welcoming public policy is one of Nevada’s greatest assets and still more can be done to improve the regulatory landscape.

These policies have had a positive impact on the movement of startup/scaleup companies from outlying states into Nevada in recent years. Both Reno and Las Vegas have seen an influx of entrepreneurs from California, specifically the Silicon Valley, drawn by the tax climate, lower costs of living, and the unique culture of the two cities. According to the U.S. Census Bureau, more than 128,000 households left the Bay Area in 2021 alone; many of them have landed in Nevada.

The city of Boise has a talent attraction strategy that markets to entrepreneurs in Portland, Oregon, and Seattle. Idaho offers similar attraction assets to the ones in Nevada, including beneficial tax treatments for businesses and quality-of-life assets. These efforts mirror founder attraction strategies underway in Reno at the Economic Development Authority of Western Nevada (EDAWN) to attract startups from the Silicon Valley. Alternative strategies come from Tulsa, where remote workers (engineers, programmers, marketers) are invited to apply to Tulsa Remote to receive \$10K and various other incentives to relocate.



Tulsa Remote

New models of entrepreneur and workforce attraction are emerging across the country as cities. One of the best models of talent attraction nationwide is Tulsa Remote, a program financed by the Kaiser Family Foundation which pays remote workers \$10,000 to move to Tulsa. Collectively, the program offers cash, housing, office space and community to remote workers nationwide to move to Tulsa for one year.

Tulsa Remote was first launched in December of 2018 in an effort to recruit a diverse group of talented professionals to relocate to the Tulsa region. In the first four years of the program, Tulsa Remote recruited 2,000 new residents.

An analysis by the Economic Innovation Group (EIG), estimated the economic impact of Tulsa Remote in 2021. They reported that one new full-time job was created in Tulsa for every two 'remoters' who moved there and that every dollar spent on the program created \$13 in economic activity. A 2022 Harvard Review publication notes that most people who have taken part in the program in the first five years have stayed. Cities and states across the country have used the Tulsa program to model and benchmark their own talent recruitment strategies.

Broadband

While the state as a whole appears to have high percentages of high-speed broadband, most rural regions suffer from poor connectivity. Others rely on cell phone or satellite connections.

Nevada Bandwidth

| | High-Speed Broadband | Cell-phone Only | Satellite Internet | No Internet |
|------------|----------------------|-----------------|--------------------|-------------|
| Nevada | 90.5% | 10.1% | 7.4% | 9.3% |
| Arizona | 91.4% | 9.9% | 8.0% | 8.4% |
| California | 92.9% | 10.1% | 7.9% | 7.0% |
| Idaho | 90.5% | 10.6% | 10.7% | 9.2% |
| Oregon | 91.6% | 9.5% | 6.8% | 8.2% |
| Utah | 93.5% | 8.3% | 8.3% | 6.4% |

Source: 2021 American Community Survey Five-Year Estimates Data Tables, U.S. Census Bureau. data.census.gov/ Accessed February 2023.

The High Speed Nevada Initiative, led by the Governor’s Office of Science, Innovation and Technology (OSIT), is poised to address bandwidth statewide. Director Brian Mitchell noted in a January 2023 interview that his goal is to bring “affordable, reliable, and scalable” broadband to the state by 2026. “

Bids closed in December 2022 on the first round of construction projects across 10 regions of the state, bringing fiber to more than 1,000 hubs in the state.

“Residents cannot fully participate in the digital economy without access to affordable broadband and the ability to use it.”

—Brian Mitchell, Director OSIT

A second phase of the project will include middle-mile connectivity and continued implementation of digital equity and affordable connectivity programs. Central to this phase is the implementation of capacity skill building among Nevada residents to utilize the Internet.

Connectivity is the key to economic growth throughout the state of Nevada. This project, if successfully implemented as envisioned by OSIT, will connect and build the capacity of Nevada residents to exploit the potential of the internet, unlocking unprecedented opportunities for entrepreneurship, remote work, and global business development throughout the state and especially in rural regions.

Business Registration

All businesses in Nevada must register with the state, county, and local municipality where they intend to do business, using registration processes prescribed by each public entity. The state of Nevada has a business registration portal called SilverFlume, nvsilverflume.gov/home. SilverFlume was launched in 2012 as an award-winning online tool to expedite business registrations, licensing, and coordination between state, county, and local entities. In 2019, the technology was updated and the platform has since been plagued by a series of user navigation challenges, customer service problems, and IT infrastructure setbacks. During roundtables, SilverFlume was a consistent complaint. Numerous Nevada SBDC advisors reported that their clients struggle to navigate the site and cannot readily fix mistakes

without paying costly fees. Others noted that requests for assistance were not responded to or users were directed to the website to find answers. In Churchill County, SBDC advisor. Sara Beebe-Wolken estimated that as many as 30% of the clients she assisted in navigating SilverFlume walked away in frustration without completing the registration process. Over the past 12 months, two rounds of technical improvements were launched. Recent surveys of small businesses using the site show improved satisfaction, however fundamental challenges with the site remain unresolved.

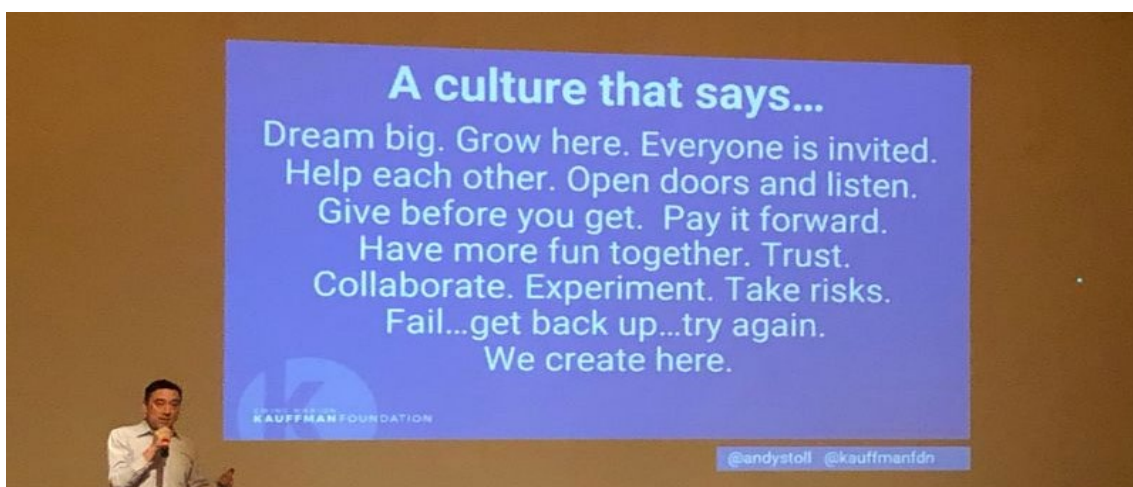
The Secretary of State's office, under a new administration, has committed to addressing the shortfalls at Silver Flume. They readily acknowledge the technology is seriously flawed but note it will take time and funding to build solutions; to this end, they have requested \$15m in funding from the legislature to address these issues. They also plan to conduct statewide working groups to begin building the framework for what comes next.

Alongside the office of the Lieutenant Governor, the Secretary of State has introduced a bill aimed at establishing the state business portal as a true "one stop shop", where business owners could receive all necessary state and local licensure. Reducing the red tape associated with licensing and registration is a core principle of the national Right to Start Movement, which suggests that we must level the playing field for more businesses to start. Licensing is the very first step in tilting the balance of economic opportunity toward entrepreneurs through making business registration and licensing frictionless, fair and as cost effective as possible.

Professional Licensing

Professional licensing, including reciprocal agreements, was identified by a number of entrepreneurs as a barrier affecting their families when moving to Nevada. At an entrepreneur roundtable in Las Vegas, the difficulties associated with obtaining nursing and physical therapy licensing were among the occupations cited by attendees as friction points for family members of incoming entrepreneurs. Reciprocity agreements are not in place in Nevada for these occupations.

The American Institute for Research (AIR) published a *State of Occupational Licensing in Nevada* report in February 2021. AIR calculated a Composite Licensing Difficulty Score, which considers such things as entry requirements, education and training, and reciprocity agreements, to compare the difficulty level of licensing across states. Among four surrounding states, Nevada had the highest difficulty scores.



In January 2023, Nevada Gov. Joe Lombardo took an initial step toward universal licensing recognition via [Executive Order 2023-004](#), which instructs Nevada state licensing boards to report by April 1, 2023, on “pathways to professional licensure reciprocity that exist regionally, nationally or internationally.” Those findings, if submitted, have not been made publicly available as of this reporting date.

Place

Goal: *Natural, built, and cultural resources collectively create a fertile landscape that attracts entrepreneurs and the talent they hire. Central to this are public-private partnerships (placemaking at scale), designation and branding of entrepreneurial hubs, and a supportive culture that promote lifestyles of innovation, curiosity, community connection, and creativity.*

Nevada is the gem of the West offering a full spectrum of natural, built, and cultural resources. In urban Nevada, the iconic Las Vegas strip offers unparalleled entertainment attractions. Reno has the highest concentration of world-class ski resorts in the country, including Mt. Rose. The Burning Man festival annually imbues the Nevada desert with both arts and ethos. The art district in Las Vegas and Reno’s midtown are stand-alone placemaking assets, all of which attract entrepreneurs and the talent they hire.

Rural Nevada’s most valuable assets include the large swath of Nevada’s landscape owned and managed by the federal government. These lands generate extraordinary economic impact in today’s economy by attracting an emerging generation of Americans who value such resources for hiking, camping, fishing, boating, and more in places like Lake Tahoe, Red Rock Canyon, and Great Basin National Park.

The passage of the Dark Sky Designation Program in 2021 is an example of public policy that contributes to entrepreneurial development by safeguarding these resources.



Resource Networks

Goal: *High-performing ecosystems offer a full spectrum of resources, including capital, technical assistance, and densely connected resource providers who provide onramps, interactions, and collisions to raise and empower all who wish to participate in the economy.*

Capital

During interviews and roundtables, entrepreneurs throughout the stack cited ongoing gaps in capital, particularly among small business owners seeking grants and loans, and among startup/scaleup entrepreneurs at multiple points in the equity capital spectrum.

Small Business Capital

In an August 2022 statewide survey of the small business community, conducted by the Nevada Small Business Development Center (NSBDC), more than half of small business owners indicated that securing financing is one of their top three challenges. Despite this perception, small business owners in Nevada appear to have a wealth of financing options. The Governor's Office of Economic Development's (GOED) 2023 State Small Business Credit Initiative-2 (SSBCI-2) includes \$16M in microloans financed through the state's community development finance institutions. Nevada's SSBCI program will receive up to \$113M in capital for small businesses over the next decade, including \$36M for venture capital as well. There are also commercial bank loans (including SBA guarantees), other state microloan funds, and gap financing programs. A wide array of specialty funds is managed by various city, county, state, and quasi-public entities such as economic and community development corporations (CDCs) and nonprofits. These programs serve targeted groups, including minorities, rural residents, retailers, and entire disadvantaged communities.

Further research is warranted within the small business community to determine if the terms and conditions of current small business offerings are out of alignment with the business needs, if there is a simple lack of awareness of these options, or if other obstacles exist to create this widespread perception. It is also possible that small business owners in Nevada may be seeking grants in lieu of debt and therefore are not finding what they need. Holding up crowdfunding or beta-testing forgivable loans may offer solutions, but more input from the small business community is needed.

Equity Capital

The equity capital spectrum in Nevada is bottlenecked in some sectors and missing critical investment dollars in others. As noted in the GOED Five-Year Comprehensive Economic Development Strategy and confirmed by multiple interviews with key leadership at the University of Nevada Reno (UNR), the University of Nevada Las Vegas (UNLV) and the Desert Research Institute (DRI), there is a gap at these institutions in the availability of late-stage research and commercialization capital prior to licensing. In Colorado, the Advanced Industries Proof of Concept Grant supports late-stage research and commercialization up to \$150K per project.

There is also a rapidly growing gap in capital available statewide to entrepreneurs seeking concept validation through the development of minimum viable products (MVPs), product-market fit, and customer discovery. In the past, funding in this space has come from angel investors, but nationally and within the state, angel investment has moved from pre-revenue investment to post-revenue.

This lack of late-stage funding among scientific researchers and additional lack of validation capital in the entrepreneurial community represent two bottlenecks that threaten to slow or stall technology transfer and the successful launch of community entrepreneurial ventures in the state.

Across the country there are many examples of funds that serve to address one or both capital gaps. In Iowa, the Proof of Commercial Relevance (POCR) program is part of a state pipeline that provides ongoing rounds of funding for technologically innovative ventures, beginning with a \$50K POCR loan supporting MVP and product-market fit. In California, the private-sector Growth Factory accelerator provides extended support for pre-revenue innovators, delivering pre-seed capital and technical assistance to help participants achieve \$1M in annual recurring revenue over 18 months. New small gap funds, venture studios, and additional niche accelerators are needed to address the needs of entrepreneurs from the lab to marketplace.

Angel and Venture Funds

Nationally, key indicators in the angel investment space have improved over the past two years. According to the Center for Venture Research, the number of companies who received funding nationwide increased by 7.1% to 69,060 in 2021. The average amount of each deal increased to \$421,675, up 7.6% over the previous year. The amount of equity received by investors averaged 9.5%, down a fraction from 2020, possibly reflective of higher valuations in 2021.

Nationally, entrepreneurs had a roughly 1:4 shot of receiving equity investment in 2021.

**—Center for Venture Research,
analysis report, 2022**

In Nevada, there are several sources of funding with the potential to serve the angel investment needs of the startup/scaleup community. Four of these are led by StartupNV. StartupNV is a statewide, nonprofit accelerator and fund manager based in Las Vegas. The organization manages FundNV and a novel conference fund called AngelNV and in 2021 began raising a new \$10M fund called the 1864 Fund. In December 2022, StartupNV took over management of the Sierra Angels in Incline Village, one of the two established funds serving northern Nevada. Recent consolidation of angel funds in the state is expedient for fund managers and provides a simplified referral process to engage entrepreneurs. It can, however, stifle the emergence of other new customized funds. Consolidation in general leads to uniformity of service delivery, which is the opposite of what entrepreneurs need.

Access to venture capital in Nevada is a short flight from any urban area of Nevada. Both the Las Vegas and Reno entrepreneur communities have self-described expertise in seeking valley investors for series A and beyond. Recently, GOED compiled a list of in-state venture capital funds and investors. The list, while informal, includes more than 600 funds and individual investors in Nevada, but they are fragmented and largely unaligned. According to Zach Miles, Associate Vice President for Technology and Partnerships at UNLV, uniting the venture community is key to launching a stronger technology transfer pipeline where focused rounds of funding are needed to move intellectual property out of DRI, UNR, and UNLV. Leaders in Southern Nevada convened an investor summit in support of such a fund in February 2023. A new venture fund at UNLV called Scarlet Capital is under discussion.

Knowledge Fund

The Nevada Legislature created the Knowledge Fund to deliver on innovation based economic development. Authorized at \$10M, it is a key driver of support for technology transfer at UNR, UNLV and DRI. In recent years however, it has not been fully funded, slowing investments into research and commercialization. The Knowledge Fund is currently limited to investments funneled through the Nevada System of Higher Education (NSHE), stopping short of catalyzing commercialization beyond late-stage research or licensure. This leaves a gap in the Nevada ecosystem for supporting early-stage growth companies that could be addressed by the Knowledge Fund.

Entrepreneur Support Organizations

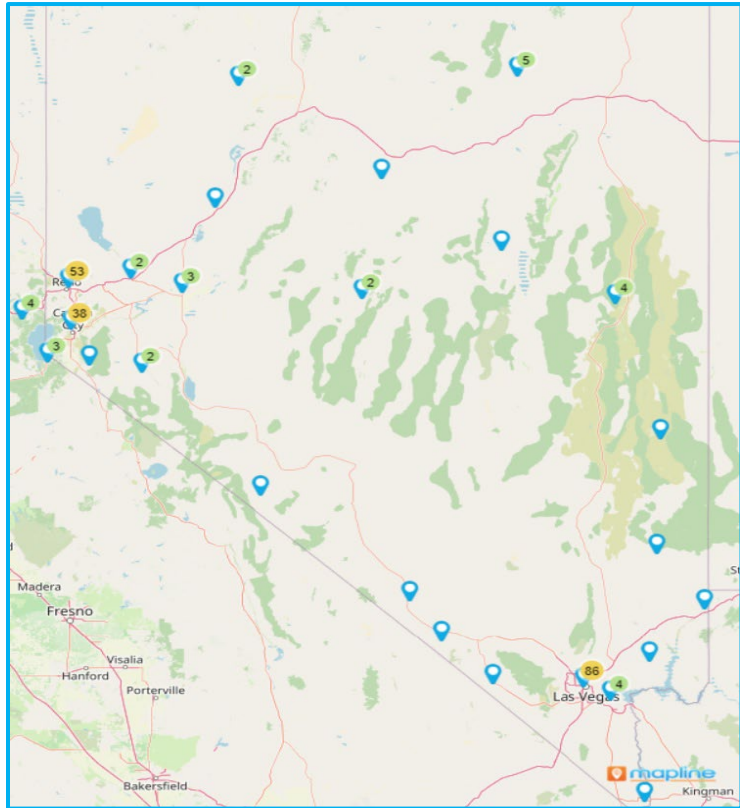
The array of resources and number of providers missioned to support entrepreneurs in the state are substantial. A healthy mix in Nevada of more than 200 professional public and private providers offers counseling, coaching, mentoring, capital, and specialty business services. While plentiful, these resources are largely clustered in highly populated areas of the state, as shown below, resulting in more proximity-based service delivery in urban Nevada with fewer services in suburban and rural areas.

Marcel Schaerer, Deputy Director for the Nevada Department of Business and Industry (NDBI), stands out in the state as a convener of Nevada’s entrepreneur support organizations (ESOs). He hosts regular online, statewide informational meetups among ESOs. These well-coordinated meetups are regularly attended by more than 100 individuals and represent the single most important network currently existing in the state.

At the regional and local levels, however, there is less collaboration. ESOs tend to be siloed and disconnected from one another.

Lack of regional and local collaboration among service providers has exacerbated statewide attempts to improve entrepreneur access to resources. In 2021, the Nevada Small Business Development Centers (NSBDCs) secured a two-year Google grant to aggregate the various providers of resources into a single online portal.

The vendor, Startup Space, scraped the social media profiles of hundreds of Nevada service providers and uploaded those organizations’ demographics into a single portal called the Nevada Entrepreneur Network (NEN), where entrepreneurs could subscribe then access providers by topic or need. This approach was predicated on the ESOs maintaining and updating those database entries for their own organization and co-marketing the resource to their various constituents. Neither happened in this case. The NSBDC, which invested time and staff into the creation of the resource, now seeks to turn it over to another provider or sunset the initiative after multiple attempts to engage the ESOs in participating were unsuccessful.



Startup Space is not the only directory in the state. GOED links to a [directory of resources](#) at The Nevada Department of Business and Industry (NDBI). On the same platform is the widely distributed Business Guide: The Roadmap, a downloadable click-through directory of resources that showcases resource providers by topic. In Southern Nevada, the city of Las Vegas has subscribed to [Dealroom](#), a venture-tracking software and resource portal that serves the startup/scaleup space alone. In [rural Nevada](#), most of the eight regional economic development websites audited for this project link to one or more of these resources.

“I have no idea how to figure out who does what in Washoe County.”

—Thomas Bates, Senticon

Across industry and stage-of-business growth in Nevada, business owners interviewed indicated that they rely mostly on word-of-mouth recommendations from other entrepreneurs, entrepreneur event organizers, or friends and family to discover and determine the right resource to meet their business needs. This would suggest that entrepreneurs may not be utilizing these directories as their first choice to obtain business help.

According to Michael Carmona, Senior Director for MoSourceLink and KCSOURCELINK, a national online directory of ESO resources, online directories are important and excellent tools. He noted, however, that they aren’t enough. “There is,” he said, “only so much technology can do. This is one area where we know we need human touch.” The SourceLink programs he manages employ novel Network Navigators, people who are intimately familiar with the resources and services of the regions, including the programs, staff, and operations for hundreds of ESOs. Network Navigators attend events and respond to phone calls, chat requests, and emails from entrepreneurs throughout the stack, ensuring that business owners are connected to the right resource at the right time.

The state of Maine has a [Business Answers Program](#) that is a first point of contact for small business owners to access initial resources. Los Angeles County in California has the [Small Business Concierge](#) on call to provide referrals to organizations and services in in the county.

KCSOURCELINK Network Navigators

KCSOURCELINK is an online resource connecting entrepreneurs throughout the stack to resources, coaches, funding, education, and events in the greater Kansas City region in Missouri and Kansas. In 2016, community builders there realized the online portal wasn’t enough.

“In our quest to make Kansas City the most entrepreneurial city in the nation, we have aggregated more than 200 organizations on [KCSOURCELINK.com](#), but the reality is, that for a lot of the folks we serve, having people to touch them personally is very important.”

—Michael Carmona, Senior Director of KCSOURCELINK and MOSOURCELINK

KCSOURCELINK added three Network Navigators to their community who can provide hands-on triage through a phone hotline, live online support via chat or email, and walk-around support.

A Governor's Office of Entrepreneurship

Many states have centralized offices for entrepreneurship or statewide innovation centers that serve to manage and promote all the state's activity around innovation, including connections with entrepreneurs. Based on the national Right to Start movement, 12 state legislatures are considering such offices in 2023. Victor Hwang, founder of the Right to Start movement, noted that "[O]ur aspiring entrepreneurs are ready to do their part. But government has to do its part as well, by breaking barriers at all levels. ... At a time of great political polarization, Americans want a level playing field for aspiring business-starters."

A central feature of these offices is the aggregation of data around the innovation economy. Multiple states have Innovation dashboards providing metrics around innovation indicators such as technology transfer, startup rates, emerging industries, and churn in the entrepreneurial stack.

Pennsylvania has an Innovation Economy Dashboard that tracks startup rates, government support of innovation, technology transfer, and workforce. In Iowa, an Innovation Dashboard was

launched in 2022 to track startup/scaleup activity. In North Carolina, the University of North Carolina has the Innovate Carolina dashboard, which collects and showcases data around technology transfer and commercialization. Collectively, these dashboards improve transparency and raise awareness of the impact of entrepreneurship economic development.



Technology Transfer

More than \$250 million in research expenditures occur each year on average at UNR, UNLV, and DRI in support of basic, applied, and experimental research. Some of this research results in discoveries that have global importance. Technology transfer is the movement of the resulting intellectual property derived from this research into the economy through various forms of licensing and agreements.

These breakthrough innovations—air and water pollution solutions, or carbon-reduction innovations, for example—address critical global problems, yet only a very small portion of these innovations are actively marketed to would-be licensees. A shortage of funding, the lack of mandate to expedite these processes, and complicated licensing systems have stymied technology transfer in the state. Addressing these issues will create new business, allow for existing corporate expansion opportunities, and introduce important products, processes, and innovations into the global marketplace.

Interviews with leadership at UNR, UNLV, and DRI suggest that each institution has developed separate processes over the past decade for moving IP into the marketplace with differing success. DRI commercialization activities are currently supported by UNLV’s technology transfer office. UNLV is in the process of reimagining technology transfer with implementation of a strong “research to commercialization” pathway with multiple resource networks to guide campus innovators, including students, through the commercialization process. At both UNLV and UNR, interviews suggested that internal processes are bottlenecked and slow. Faculty/institutional splits, for example, may not be consistent with similar research institutions elsewhere in the country. Unlike most research universities, patenting and startup activity is not considered part of tenure track achievements. The overall technology process is stymied by a shortage of professional staff throughout the state, and connections between licensing professionals and regional economic development organizations are limited at best.



Nevada Action Plan

Realign State Economic Development Around the Innovation Economy

The state of Nevada will support the innovation economy as a key component of the state's overall economic development efforts. It will build capacity to leverage key policy and programs in support of entrepreneurial innovation statewide.

Potential Owners: GOED, Nevada Legislature, Governor's Office

1. Create a Governor's Office of Entrepreneurship
 - a. Guide and support entrepreneurial ecosystem building among ESOs in Las Vegas, Reno
 - i. Coordinate with GOED to support rural community ecosystems
 - b. Conduct a biennial statewide survey of the entrepreneurial stack during non-legislative years
 - c. Build a public facing, state-wide innovation dashboard to track economic impact
 - d. Provide statewide tools to collect data and manage resource networks online
 - i. Work with NSBDC to find a host or re-envision Startup Space
 - ii. Consider a statewide resource navigator
2. Host a Governor's Innovation Summit
 - a. Convene entrepreneurs and ESO's around ecosystem building in support of innovation economy.
3. Expand, Fully Fund, and Realign the Knowledge Fund
 - a. Expand the Knowledge Fund to \$15M
 - b. Realign administrative rules to be responsive to the needs of the innovation economy
 - i. Release \$4M across multiple RFPs for public-private collaboration on new resources
 1. Collaborate on federal funding opportunities
 - ii. Create a \$1M Proof of Commercial Relevance Fund (POCR)
 1. Target late-stage scientific research and early proof of commercialization.
 2. UNLV gateway for statewide application of funds

Key Performance Indicators

Nevada economic development infrastructure will be aligned with the goals of an innovation-led economy through an active state office supporting entrepreneurship; funding aligned with the growing needs of Nevada's job creators and public-private partnerships in place to implement emerging programs and resources needed to accelerate entrepreneurship-led economic development.

Streamline Statewide Systems

Nevada will streamline and improve access to licensing opportunities resulting from research; make business licensing and registration seamless and fair, and coordinate across departments to position Nevada as a frictionless state for talent and founders to pursue startup activity.

Potential Owners: NSHE, UNLV, UNR, DRI, GOED, Nevada Legislature

1. Improve the capacity of Technology Transfer offices at UNR and UNLV
 - a. Add 1-2 licensing professionals at UNR, UNLV
2. Improve Nevada's technology transfer and commercialization processes
 - a. NSHE request licensing plans from UNR, UNLV (representing UNLV and DRI)
 - i. Develop commercialization metrics and objectives
 1. Annual licensing goals
 2. Marketing strategy, including a Nevada First licensing opportunity
 3. Specific process improvements to accelerate and streamline licensing
 - b. Review and adjust if needed, the investor/institutional splits at UNR, UNLV and DRI
 - c. Add startup and patenting activity to the tenure track metrics at UNLV and UNR

Key Performance Indicators

Existing corporations, students, and startup companies (particularly those in Nevada) will have ready access to licensing opportunities at UNLV, UNR and DRI. The commercialization licensing process will be efficient, timely and strive to be responsive to the needs of the business community.

3. Streamline entrepreneur access to business data
 - a. Combine data and research organizations in the state into a single accessible program.
 - i. Consider a business data concierge program serving all small businesses
4. Address Nevada regulatory and licensing processes
 - a. Consolidate all state, county and local business licensing at Silver Flume.
 - b. Conduct UX audit of Silver Flume for ongoing usability improvements
 - c. Review, identify and address regulatory friction points in professional licensing.
 - i. Fairly assess reciprocity across all occupations to meet that of surrounding states

Key Performance Indicators

Nevada businesses will have access to customized business data and analytics on demand through a single statewide office. Businesses will seamlessly register and pay for annual business licensing across government entities utilizing a single portal at Silver Flume. Incoming residents will find equitable licensing and reciprocity rules across all professional occupations in Nevada.

5. Position the state as attractive to entrepreneurs and innovators
 - a. Incorporate talent/founder attraction messaging into NDTCA marketing and publications.
 - b. Create a talent/founder attraction campaign

Key Performance Indicators

Founders outside the state of Nevada, particularly in the Silicon Valley, will be incentivized to bring their companies and teams to one of Nevada's dynamic ecosystems supporting technology innovation.

Empower Regional Entrepreneurial Ecosystems

Nevada will empower the three ecosystems in the state through training and incentive funding. Small businesses with fewer than ten employees will gain capacity to engage in the global economy, generating jobs and wealth in their cities and communities.

Potential Owners: Nevada Legislature, GOED, EDAWN, NSBDC, RDA's statewide

1. Legislatively fund an expansion of Main Street Program to lead rural entrepreneurship.
 - a. Expand rural Main Street program deliverables to include ecosystem building.
 - b. Host rural leadership training around ecosystem building for non-Main Street communities
 - c. Host a Rural Entrepreneurship/ Main Street Conference
 - d. Coordinate the deployment of e-commerce business training serving business owners
2. Empower rural communities to create their own solutions
 - a. Create a \$100K Launch Rural Nevada Seed Fund to support local entrepreneurship programs

Key Performance Indicators

Rural communities will have access to best practices, training, and funding, empowering local leadership to develop locally appropriate entrepreneur support solutions in their communities.

3. Office of Entrepreneurship to provide capacity building support for Las Vegas and Reno ESOs
 - a. Host quarterly capacity building training
 - b. Incent Entrepreneur Development Certification (EDP)

Key Performance Indicators

100% of RDA's trained and 50% awarded EDP certification by 2026.

4. Legislatively fund an annual increase to the NSBDC to build out comprehensive statewide business digital literacy program and host capital roundtables.
 - a. NSBDC develop and deploy statewide, a white label comprehensive online business curriculum
 - b. NSBDC host capital roundtables statewide to drill into small business capital gaps

Key Performance Indicators

Level up the online business skills of 1,000 microbusinesses with fewer than 10 employees annually beginning in 2025. The capital needs of Nevada's small businesses will be identified, and solutions coordinated among ESOs to address.