



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB2937

Introduced 2/6/2025, by Rep. Maurice A. West, II

SYNOPSIS AS INTRODUCED:

New Act

Creates the Inclusive Venture Investment Act. Provides that the State Treasurer shall create a Direct Matching Funds Program. Provides that the purpose of the program shall be to leverage State-managed funds for investments in minority-owned venture capital firms, minority-owned financial managers, and minority-led startups. Sets forth provisions for investment requirements and incentives; administration; transparency and reporting; oversight and compliance; confidentiality; and rulemaking. Effective July 1, 2026.

LRB104 11833 SPS 21923 b

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Illinois Inclusive Venture Investment Act.

6 Section 5. Findings. The General Assembly finds and
7 declares:

8 (a) Illinois has a vibrant entrepreneurial ecosystem but
9 lacks equitable access to capital for minority entrepreneurs,
10 venture capital firms, and financial managers.

11 (b) Minority-owned financial management firms, such as
12 Ariel Investments, face systemic barriers to accessing
13 institutional portfolios despite proven track records of
14 success.

15 (c) Programs such as Chicago's 1871, Discovery Partners
16 Institute, and minority-owned financial firms play a crucial
17 role in fostering entrepreneurship, innovation, and economic
18 growth among underrepresented groups.

19 (d) This Act will drive equitable economic growth by
20 ensuring significant institutional capital flows to
21 minority-led startups, minority-owned venture capital firms,
22 and minority-owned financial management firms.

1 Section 10. Definitions. As used in this Act:

2 "Covered institution" means:

3 (1) public and private universities, colleges, and
4 institutions of higher education with endowments or
5 investment portfolios exceeding \$50,000,000;

6 (2) museums, cultural centers, and nonprofit
7 organizations with endowments or investment portfolios
8 exceeding \$25,000,000 or receiving cumulative State
9 funding or tax exemptions exceeding \$1,000,000 annually;

10 (3) nonprofit hospitals and healthcare systems with
11 investment portfolios exceeding \$50,000,000; and

12 (4) public pension funds or retirement systems of
13 State or local governments.

14 "Minority-led startup" means a business that:

15 (1) is headquartered in this State or has significant
16 operations in this State; and

17 (2) is at least 51% owned and controlled by one or more
18 minority persons, women, or persons with disabilities, as
19 those terms are defined in the Business Enterprise for
20 Minorities, Women, and Persons with Disabilities Act.

21 "Minority-owned financial manager" means a financial firm,
22 asset manager, or investment manager that:

23 (1) is at least 51% owned by one or more minority
24 persons, women, or persons with disabilities, as those
25 terms are defined in the Business Enterprise for
26 Minorities, Women, and Persons with Disabilities Act; and

1 (2) the management and daily business operations are
2 controlled by one or more of the owners described in
3 paragraph (1) of this definition.

4 "Minority-owned venture capital firm" means a financial
5 firm or investment manager that:

6 (1) is at least 51% owned by one or more minority
7 persons, women, or persons with disabilities, as those
8 terms are defined in the Business Enterprise for
9 Minorities, Women, and Persons with Disabilities Act; and

10 (2) the management and daily business operations of
11 which are controlled by one or more of the owners
12 described in paragraph (1) of this definition.

13 "Special investment initiative" means a program,
14 incubator, accelerator, or similar initiative that:

15 (1) provides resources, mentorship, training, or
16 capital to entrepreneurs who are minority persons, women,
17 or persons with disabilities, as those terms are defined
18 in the Business Enterprise for Minorities, Women, and
19 Persons with Disabilities Act; and

20 (2) operates in this State or primarily supports
21 businesses located in this State.

22 "Special Investment Initiative" includes, but is not
23 limited to, university-led startup programs, nonprofit
24 entrepreneurship accelerators, and private-sector incubators
25 aimed at supporting underrepresented founders.

1 Section 15. Investment requirements and incentives.

2 (a) The State Treasurer shall create a Direct Matching
3 Funds Program. The purpose of the program shall be to leverage
4 State-managed funds for investments in minority-owned venture
5 capital firms, minority-owned financial managers, and
6 minority-led startups.

7 (b) For every dollar invested by a covered institution in
8 an eligible minority-owned financial manager, venture capital
9 firm, or minority-led startup, the State Treasurer shall
10 provide a matching contribution of up to 50 cents per dollar
11 using existing funds managed by the State Treasurer.

12 (c) Investments that exceed annual performance benchmarks,
13 as determined by historical market returns for venture capital
14 or institutional portfolios, shall receive an additional 25
15 cents per dollar in matching funds from the State Treasurer.

16 (d) An institution whose participating portfolio
17 underperforms the benchmarks for a period more than 5 years
18 may be prohibited from participating in the program until the
19 institution can demonstrate significant improvement with
20 performance above the benchmark for 8 consecutive quarters.

21 (e) The matching funds provided in accordance with this
22 Section shall be:

23 (1) capped at \$10,000,000, subject to available State
24 resources;

25 (2) restricted to investments made in firms or
26 businesses based in this State with significant operations

1 in this State; and

2 (3) allocated based on a review and selection process
3 established by the State Treasurer by rule.

4 (f) To be eligible to participate in this program, covered
5 institutions shall allocate at least 20% of their investment
6 portfolios to:

7 (1) minority-owned venture capital firms;

8 (2) minority-led startups;

9 (3) minority-owned financial managers; or

10 (4) special investment initiatives supporting diverse
11 founders, including:

12 (A) university startup incubator programs aimed at
13 supporting underrepresented entrepreneurs; and

14 (B) nonprofit business accelerator programs
15 providing mentorship, training, and resources for
16 minority founders.

17 (g) All qualifying investments shall serve the purpose of
18 fostering diversity, equity, and inclusion in this State's
19 financial and entrepreneurial ecosystem.

20 (h) All participating covered institutions shall submit
21 documentation of qualifying investments, including detailed
22 reporting on recipients' diversity status and operations in
23 this State.

24 Section 20. Administration. The State Treasurer shall
25 administer the Direct Matching Funds Program, including:

1 (1) verifying eligibility of institutions and
2 recipients;

3 (2) distributing matching funds to qualifying
4 institutions;

5 (3) publishing an annual report detailing the matching
6 funds distributed, recipients, and outcomes, including
7 jobs created, capital raised, and economic impact; and

8 (4) reallocate unused matching funds at the end of the
9 fiscal year proportionally among participating
10 institutions based on documented investment needs.

11 Section 25. Transparency and reporting.

12 (a) A covered institution participating in the program
13 shall submit an annual report to the State Treasurer,
14 including:

15 (1) the total value of their endowments or investment
16 portfolios;

17 (2) the percentage of investments allocated to
18 minority-owned venture capital firms, minority-owned
19 financial managers, minority-led startups, and special
20 investment initiatives;

21 (3) the names of minority-owned financial managers,
22 venture firms, and startups supported; and

23 (4) year-over-year changes in investment diversity.

24 (b) The State Treasurer shall make the reports submitted
25 under subsection (a) publicly accessible, including detailed

1 scorecards that ranks institutions based on the percentage of
2 investments allocated to minority-owned financial managers,
3 venture capital firms, startups, and special investment
4 initiatives.

5 (c) A special investment initiative receiving funds under
6 this Act shall submit an annual performance report to the
7 State Treasurer, including:

8 (1) the number and percentage of minority-led startups
9 supported; and

10 (2) outcomes such as capital raised, jobs created, and
11 businesses launched.

12 Section 30. Oversight and compliance.

13 (a) The State Treasurer shall oversee the implementation
14 and enforcement of this Act, including the collection and
15 publication of reports.

16 (b) The State Treasurer may conduct audits of covered
17 institutions and special investment initiatives to ensure
18 compliance with this Act. A covered institution participating
19 in the program shall comply with an audit conducted by the
20 State Treasurer.

21 (c) An institution that participates in this program shall
22 meet reporting and compliance standards to retain program
23 eligibility.

24 (d) An institution that fails to meet the 20% investment
25 allocation requirement over 2 consecutive years shall lose

1 eligibility to participate in the program for a period of no
2 more than 5 years.

3 (e) An institution that fails to meet reporting
4 requirements or misuses matching funds may be required to
5 repay any funds distributed under this Act.

6 Section 35. Confidentiality. The State Treasurer may
7 redact sensitive or proprietary financial information that
8 does not further the intent of this Act.

9 Section 40. Rulemaking. No later than 6 months after the
10 effective date of this Act, the State Treasurer shall adopt
11 any rules necessary to implement this Act.

12 Section 99. Effective date. This Act takes effect July 1,
13 2026.