

Governor Phil Murphy

ICYMI: New Jersey Ranks in Top 10 States for VC Dollars Invested

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NJ's Venture Capital Deal Flow More Than Doubles to \$5.5 Billion in 2021

as State's Innovation Ecosystem Sees Flurry of Activity

TRENTON - The New Jersey Economic Development Authority (NJEDA) (<https://www.njeda.com/>) today announced that New Jersey now ranks ninth in the nation based on venture capital (VC) dollars invested per state. According to PitchBook (<https://pitchbook.com/>), innovation-focused companies in New Jersey secured \$5.5 billion in 219 venture capital deals in 2021, up from \$1.7 billion through 154 deals in 2020. This represents a significant improvement for New Jersey relative to 2017, when the state saw a total of \$818 million in 143 venture capital deals. In this latest ranking, New Jersey jumped three spots from where it stood at #12 in 2020, and seven spots from #16 in 2013. New Jersey's share of the Northeast market also grew, by 1.4 percentage points in 2021 to 5.5 percent.

"We're very encouraged to see the VC community invest in New Jersey startups on a scale we haven't seen in decades," **said Governor Phil Murphy**. "It's well known that New Jersey is the birthplace of innovation, but investors are clearly showing that our state is the future of innovation as well."

Throughout his first term, Governor Murphy prioritized recapturing New Jersey's role as a leader in innovation and creating the most diverse and inclusive innovation ecosystem in the nation. In January 2021, the Governor signed the New Jersey Economic Recovery Act of 2020 (ERA). In part, the ERA calls for the establishment the New Jersey Evergreen Fund (NJIEF), which is designed to create the ecosystem conditions necessary for entrepreneurs to succeed. Expected to launch this year, the NJIEF will create a platform for even greater investment opportunity in NJ businesses by leveraging public and private funds to invest in New Jersey-based companies. Details of the NJIEF, which is currently under development, can be found at <https://www.njeda.com/evergreen/> (<https://www.njeda.com/evergreen/>).

The ERA also made enhancements to the state's Angel Investor Tax Credit Program (<https://www.njeda.com/angeltaxcredit/>). Last summer, the NJEDA approved expanding the Angel Investor Tax Credit Program based on those enhancements as well as revisions made to the program through legislation signed by Governor Murphy in 2019. Examples of the enhancements include increasing the amount of tax credits available annually under the program from \$25 million to \$35 million. It also increased the amount of tax credits available per qualified investment in an emerging New Jersey technology business from 10 percent to 20 percent and adding five percent bonus credit for qualified investments made in a New Jersey certified minority-or women-owned technology business or a technology business that is located in a qualified Opportunity Zone or New Markets Tax Credit Census Tract.

Last year, the NJEDA approved a record-breaking 559 Angel Investor Tax Credit Program applications, a nearly 400 percent increase over 2020. These approved applications represented the injection of more than \$100 million in 39 New Jersey businesses. This constitutes a more than threefold year-over-year increase in investment and tax credit totals.

"The Murphy Administration has taken numerous steps to bolster New Jersey's innovation economy and the

investment community is taking notice,” said NJEDA Chief Executive Officer Tim Sullivan. “In addition to our spot within the Top 10 spot for venture capital dollars, we are also seeing companies of all size choosing to benefit from all that New Jersey has to offer. This, in turn, will lead to the creation of thousands of jobs and bring in even more investment dollars in the coming years.”

As an example, Sullivan cited the commitment of the NJEDA and Princeton-based venture capital firm SOSV to bring SOSV’s acclaimed HAX hard tech startup development program to Newark. SOSV will also establish the U.S. headquarters of the HAX program at the Newark site. SOSV selected Newark as the location for the new HAX program through a competitive process that included locations across the country. SOSV intends to take 100 companies through the HAX program over the next five years and invest \$25 million in these startups. The NJEDA has also committed \$25 million toward this initiative. Participating companies may receive up to \$50 million from SOSV as follow-on financing to support the companies as they grow. With this support, companies participating in the HAX program are expected to create at least 2,500 new, high-paying jobs in the decade ahead as well as attract millions in new capital.

The NJEDA’s Angel/Venture Capital Funding website (<https://www.njeda.com/angelvcfunding/>) launched in early 2021 to showcase capital raises, along with mergers and acquisitions throughout the Garden State. Investors or founders interested in having their investments listed on the page should email njinvestments@njeda.com (<mailto:njinvestments@njeda.com>).

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Office of Governor PO Box 001
Trenton, NJ 08625
609-292-6000

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