Co-Chairs Woods and Gomberg, and members of the Committee,

Hello and thank you for the chance to testify today.

My name is David Kenney and I am the President & Executive Director of VertueLab, one of three Signature Research Centers funded by Business Oregon as part of the state's innovation strategy. Our focus is on supporting and funding innovators and entrepreneurs developing technology solutions to the climate crisis. We are especially focused on serving underrepresented business founders and on solutions that directly benefit the communities and populations most directly impacted by climate change.

As you may know, the Oregon Futures Commission, convened by Business Oregon, created a 10 Year Innovation Plan for the state, which was ratified by the Oregon Innovation Council about two years ago. It builds on modest, but consistent, investments from Business Oregon that have been in place since 2007, when the Oregon Innovation Council first recommended innovation investments to the Legislature.

Implementation of the 10 Year Innovation Plan will require more financial resources than the state has invested to date and VertueLab supports SB 5524, the Business Oregon budget, as well as any effort to allocate additional funds to implementation of the 10 Year Innovation Plan.

VertueLab is just one of numerous organizations and initiatives that have been funded under the prior innovation model. The new 10 Year Innovation Plan replaces Signature Research Centers with Centers of Innovation Excellence, a designation we're currently seeking through a business plan development process that's currently underway. Business Oregon and the Oregon Innovation Council's Plan also creates a network of Regional Innovation Hubs around the state to meet the needs of entrepreneurs and small businesses, especially those who are located far away from many of the resources available to businesses in the Portland metro region and the Willamette Valley. The combination of sector-specific innovation initiatives and regional entrepreneur support organization represents a strategic and intentional effort to create as much access to the benefits of an innovation-driven economy as possible.

For the past six years, VertueLab funding from Business Oregon has been stable at a level of about $1.1 million per year. That has funded a portion of our services and has been a critical resource for us in leveraging federal grants. VertueLab has secured 19 federal grant awards for our own operations, totaling about $3.4 million.

That's separate from the $17 million in federal grant awards we've directly helped Oregon business secure and the $600 million in follow-on investment our supported companies have gone on to raise to grow their businesses. I'm most proud of the fact that many of those Oregon businesses have moved beyond investment fundraising and are selling products into the global marketplace, which is the whole point of our work! They have generated $167 million in revenue from customers and have hundreds of millions of dollars more in their sales pipelines.

At VertueLab, we operate a variety of programs, including a business accelerator focused specifically on the needs of climate and clean tech startups, a federal funding assistance program, a frontline impact program that helps bring innovative climate technologies to communities negatively impacted by climate change, an internship program, and a program that invests capital directly into startups that are not yet to the point of raising conventional market-rate investment.

Our Climate Impact Fund I raised nearly $5 million of capital from philanthropic investors and we have been able to invest $800,000 of that so far in Oregon businesses, with 4 startups receiving that capital to date and one more pending. All four businesses are led by underrepresented founders – three people of color and one woman.

This fund builds on our prior commercialization funding program that helped catalyze the results I mentioned earlier. Those results come from companies like:

- ESS Inc – a long duration grid-scale energy storage company manufacturing batteries at a 200,000 square foot facility in the Willamette Valley, employing hundreds of Oregonians.
- OpConnect – an electric vehicle charging station company serving vehicle fleets and multi-family housing.
- Community Energy Labs – a building energy controls technology company utilizing the benefits of artificial intelligence to bring low cost energy efficiency to schools and municipalities.

In the area that VertueLab operates, climate tech, Oregon has a head start on most other states as a result of the consistent support that Business Oregon and the Oregon Innovation Council have provided to VertueLab and other initiatives. There are hundreds of billions of federal dollars that will be deployed to support the development and deployment of climate technologies, thanks to the American Rescue Plan Act, the Bipartisan Infrastructure Law, the CHIPS and Science Act, and the Inflation Reduction Act. Corporations, other governments, small businesses, and consumers will spend trillions more in the years ahead to both avoid and adapt to the impacts of the climate crisis. Funding Oregon's innovation ecosystem is one way that the legislature and Business Oregon can ensure that we benefit from this massive global investment.