



**BusinessWeek** The unhappy manager on the phone needs a colorful solution. What's the best response?  

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## How States Stack Up

In venture capital, Illinois ranks fourth in the Midwest

While other states are pumping hundreds of millions of dollars into biotechnology, Illinois lags in public funding, investor-friendly tax laws, and, perhaps no surprise, private investment in its biotech startups.

One reason the state hasn't focused more on biotech may be that it hasn't had to. Service industries such as accounting, advertising, law, and finance have added plenty of jobs, reducing the need to promote a new industry like biotech for economic growth. "Illinois is a big state with a lot going on," observes Jack Lavin, director of the Illinois Department of Commerce & Economic Opportunity.

Illinois' biotech outlays are relatively puny: The state has spent \$79 million to build research labs and has funded the \$75 million Institute for Genomic Biology at the University of Illinois at Urbana-Champaign. As for encouraging private investment, Indiana, Michigan, and Wisconsin are among states that give tax breaks to so-called angel investors. Lawmakers in Illinois are only now considering such breaks.

Bottom line: Ohio and Minnesota each received \$295 million in 2007, or 25% apiece of the estimated \$1.2 billion in venture capital that flowed into Midwestern health-care startups last year, according to [BioEnterprise](#), a Cleveland outfit that helps local biotech startups. Illinois, the region's most populous state, finished fourth with \$125.5 million.

—Stuart Luman

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## BIOENGINEERING THEIR FUTURE

Here's what some other state governments are spending to build up biotech enterprises within their borders

### KANSAS

**\$580 million**  
Kansas Bioscience Authority set up in 2004 to attract companies, scholars, and private funding for biotech startups

### WISCONSIN

**\$900 million** in public and private funding for research, two-thirds in life sciences

### MICHIGAN

**\$2 billion**, 10-year program launched in 2005 to attract capital and assistance for startups, to fund research, and train employees

### OHIO

**\$1.6 billion**, 10-year Third Frontier Project, launched in 2003, about 40% of which is targeted on bioscience

### CALIFORNIA

**\$3 billion** on embryonic stem cell research funded by state bonds

### MASSACHUSETTS

**\$1 billion** life-sciences plan to underwrite new facilities, equipment, research, and job training for biotech companies

### NEW YORK

**\$600 million** stem cell research program focused on regenerative medicine

### TEXAS

**\$3 billion** initiative to create a cancer prevention and research institute, plus \$595 million in public funds partially earmarked for biotech firms

### INDIANA

**\$75 million** Indiana 21st Century Fund, half invested in Indiana life-science companies

### FLORIDA

**\$800 million** since 2003 to lure the Scripps Research Institute, among others, into setting up auxiliary facilities

Data: Biotechnology Industry Organization, BioEnterprise, BioCrossroads, and the Wisconsin Technology Council