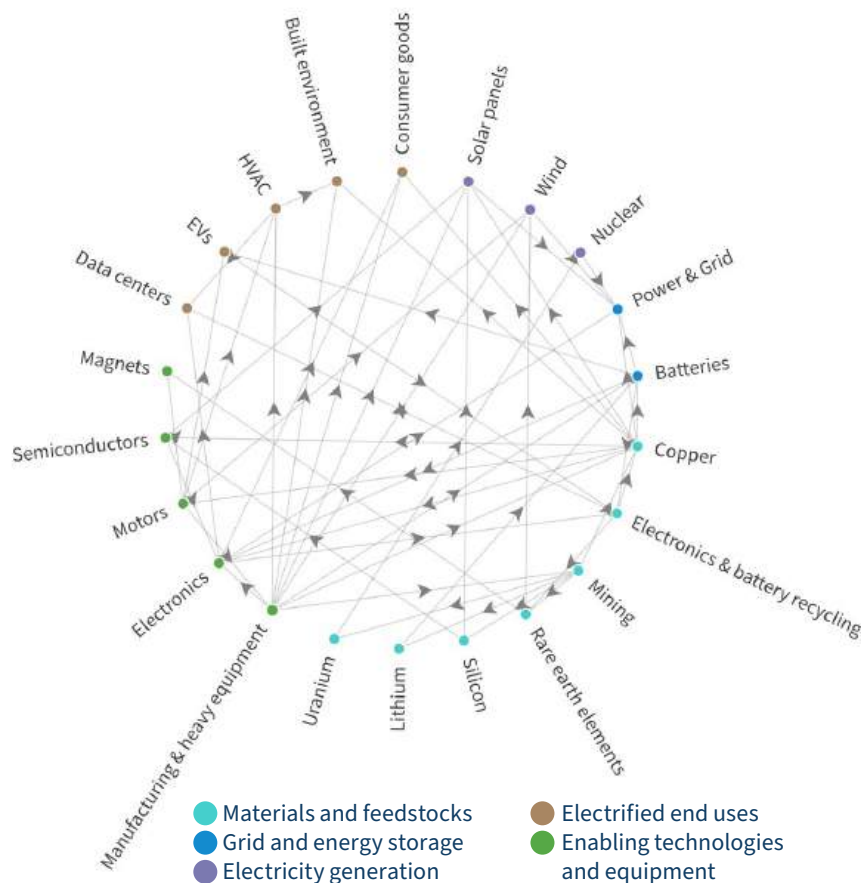


Building the United States' Electro-Industrial Economy

A framework for state public investment and finance institutions

August 2026



Across the United States, states are competing to attract and retain the infrastructure, manufacturing, and energy assets required to support growing demand for electricity, advanced industry, and digital infrastructure. The global shift to an economy built on electricity and computerization represents a new economic development undertaking for individual states.

These high-value industrial and infrastructure projects bring jobs, investment, and additional businesses, making them a worthwhile prize. But whereas most of these projects are commercially viable in the long term, some struggle to obtain private financing because they face permitting, market, infrastructure, or first-of-a-kind deployment risks.

Traditional state economic development attraction tools such as tax incentives and grant packages remain important, but they are generally designed to attract projects

that are already financeable and to accelerate deployment of commercialized technologies. They often do little to address the underlying risks that prevent strategic industries from scaling. A growing number of states are instead turning to state public investment and finance institutions (SPIFIs) to strategically reduce project risk, coordinate sector investment, and attract private capital for these types of projects.

State financing institutions – including infrastructure banks, green banks, public investment funds, and development

authorities – can expand their activities and strategies to support private investment in emerging energy technologies.

SPIFIs are uniquely positioned to unlock electro-industrial growth because they operate with a double bottom line – investing in projects with strong economics to boost returns, while also being able to invest in projects with a demonstrable public interest and therefore accept lower or longer-term returns than a private lender.

What do SPIFIs do?

Modernizing states’ economic development toolkits for electro-industrial development can serve three important functions:

- **Risk absorption:** Reducing project-specific risks and improving project bankability.
- **Capital mobilization:** Crowding in private capital by providing financing, credit enhancements, and other forms of financial and technical support. SPIFIs can also directly or indirectly provide public capital to strategic industries.
- **Investment coordination:** Aligning infrastructure investment, manufacturing, corporate and consumer demand, utilities, insurers, and financial institutions around common development objectives and regulatory frameworks.

What is the electro-industrial economy?

Electricity generation	Grid and energy storage	Materials and feedstocks	Electrified end uses	Enabling technologies and equipment
Solar panels	Power & Grid	Copper	HVAC	Manufacturing & heavy equipment
Wind	Batteries	Mining	Data centers	Electronics
Nuclear		Electronics & battery recycling	EVs	Motors
		Rare earth elements	Built environment	Semiconductors
		Silicon	Consumer goods	Magnets
		Uranium		
		Lithium		

How can SPIFs be structured?

Model	Description	Functions	Case Study
Model A: State as Facilitator	States can play an important role in advancing the electro-industrial sector even without providing significant direct capital. In a facilitator capacity, states can coordinate stakeholders, streamline permitting and siting processes, align infrastructure planning, establish clear regulatory frameworks, and help structure transactions that bring together public and private participants. By reducing uncertainty and lowering development barriers , SPIFs can improve project bankability and accelerate investment in strategically important industries and supporting infrastructure.	• Technical assistance • Federal funds coordination/pass-through • Deal set-up and facilitation • Aggregation • Site development • Alternative products and underwriting approaches • Regulation	Infrastructure Ontario (IO) in Ontario, Canada coordinated with the Ontario Ministry of Economic Development to support the 2023 site development for Volkswagen's giga battery factory in St. Thomas, Ontario.
Model B: State as Financier	SPIFs are at the forefront of innovative uses of public capital to leverage private investment. States can function as strategic capital partners , drawing from a diverse set of financial tools to offer targeted transaction support — including guarantees, subordinated debt, first-loss reserves, takeout commitments, offtake backstops, and predevelopment financing — and move projects into a risk profile that private capital can underwrite.	• Providing predevelopment financing • Offering concessionary financing • Providing credit enhancements • Cofinancing projects with other capital providers • Operating revolving loan funds	In 2024, the Bank of North Dakota provided a five-year, \$16 million loan to Applied Digital to support the company's operations at a 10 MW high-performance computing data center in Jamestown, North Dakota.
Model C: State as Investor	SPIFs can participate more directly in electro-industrial development as investors, codevelopers, or owners of infrastructure assets. Ownership models allow states to support larger and more strategic investments , participate in project revenues, play a more direct role in governance models, and retain greater influence over infrastructure development, although they also require greater capitalization and risk tolerance than Models A and B.	• Sole ownership • Project participant/capital stack participation • Venture capital • Project finance participation • Public-private partnerships	In 2025, the New Jersey Innovation Evergreen Fund closed on a \$750,000 qualified investment in Nascent Materials, a manufacturer of cathode active materials for lithium-ion batteries.

How are SPIFI capitalizations?

One-time or “seed” capital sources provide the initial capitalization needed to establish a SPIFI and begin financing activities:

- One-time general fund appropriation
- One-time revenue
- Transferring, discounting, monetizing, or otherwise leveraging tax credits
- Philanthropic organization grants, program-related investments, or concessionary capital

Ongoing revenue sources enable larger and more sustained investment activity:

- Recurring appropriations
- Utility revenues
- Annual/ongoing taxes or fees
- Issue bonds
- Dedicated climate funds

What makes a SPIFI effective at driving electro-industrial development?

- Build on regional strengths and national priorities
- Define economic outcomes before designing financial tools
- Design for flexible governance with the right mix of leadership
- Prioritize additionality over capital deployment volume
- Coordinate infrastructure, industry, and market development
- Optimize for system outcomes over individual projects
- Maintain patient capital across economic cycles
- Measure mobilization, coordination, and capability creation

By leveraging SPIFI as a tool in their economic development and energy security strategy, states can maximize the impact of already constrained public resources, accelerate private investment, and strengthen their position in the rapidly growing electrified economy.



For more information, see [Building America’s Electro-Industrial Economy: A Framework for State Public Investment & Finance Institutions \(SPIFI\).](#)