



925.719.2704



anna@buildmomentum.io



Notice of Funding Opportunity

Title: Governor's Office of Business and Economic Development (GO-Biz) – California Competes Grant Program Fiscal Year 2022-2023

Website: <https://business.ca.gov/california-competes-tax-credit/>

Funding: Total: \$120,000,000. Maximum awards: \$5M-\$36M.

Dates: Webinars: July 27, 2022 9:30AM; August 4, 2022 3PM; August 9, 2022 11AM
Phase 1 Application Period Timeline: July 25, 2022 – August 15, 2022
Phase 2 Application and Evaluation Timeline: August 25, 2022 – October 2022

Summary: The California Competes Grant Program (CCGP) is available to businesses that want to locate in California or stay and grow in California and create quality, full-time jobs in California that might not otherwise be created by the business or any other business. While the CalCompetes Tax Credit program has demonstrated tremendous success incentivizing businesses to choose California, many companies looking to expand or locate in California might not benefit from a non-refundable tax credit but could utilize a grant. Recognizing that the state must have the resources available now to incentivize businesses to remain in the state, or add new, quality full-time jobs, Governor Newsom's enacted state budget for fiscal year 2022-23 extended the California Competes Grant Program (CCGP) for an additional year and appropriated \$120 million in funding. Grant agreements will be negotiated by GO-Biz and approved by a statutorily created "California Competes Tax Credit Committee," consisting of the State Treasurer, the Director of the Department of Finance, the Director of GO-Biz, and one appointee each by the Speaker of the Assembly and Senate Committee on Rules.

Project Topic Areas:

The primary goal of the CCGP is to incentivize businesses to choose California and to create quality, full-time jobs in the state. A significant priority for this grant program is to make resources available to businesses for whom a non-refundable tax credit would not provide a significant financial benefit. The CCGP was specifically created for two types of businesses: (1) businesses that continuously reinvest profits, generating either significant research and development tax credits and/or net operating losses resulting in little to no tax liability; and (2) startups with little to no tax liability.

Award of the grant will be based on the following evaluation factors:

- The number of jobs the business will create or retain in this state.
- The compensation paid or proposed to be paid by the business to its employees, including wages, benefits, and fringe benefits.
- The strategic importance of the business to the state, region, or locality.
- The extent of unemployment or poverty where the business is located.
- The training opportunities provided to employees.
- The overall economic impact in this state of the applicant's project or business.
- The incentives available to the business in this state, including incentives from the state, local government, and other entities.
- The incentives available to the business in other states.
- The duration of the business' proposed project and the duration the business commits to remain in this state.
- The opportunity for future growth and expansion in this state by the business.
- The extent to which the anticipated benefit to the state exceeds the projected benefit to the business from the tax credit.
- The amount of investment in this state by the business.
- The extent to which the credit will influence the applicant's ability, willingness, or both, to create new full-time jobs in this state that might not otherwise be created in the state by the applicant or any other business in California.

Funding:

A total of \$120,000,000 in one-time California Competes Grant funding is available for allocation in the 2022-2023 fiscal year. The authorizing legislation for this program sets a maximum grant request of 30% of the total amount available. Applications are subject to a minimum request of \$5,000,000 and a maximum request of \$36,000,000.

Project Requirements:

801 K Street, Suite 2800
Sacramento CA 95814
buildmomentum.io



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anna@buildmomentum.io



Applicants considering whether to apply for the grant or tax credit should keep in mind that 1) the grant program only has \$120 million available in one-time funding and is expected to be extremely competitive; 2) the tax credit has over \$300 million available to allocate this fiscal year; and 3) applicants for the grant will be asked as part of the application to explain why they “need” a grant and will not be able to benefit from the tax credit. A business may neither apply for nor receive a grant for which it was already awarded a tax credit for the same jobs and/or investments in any given application period. It may not submit concurrent applications for both. To apply for a California Competes grant, the business must commit to additional full-time jobs and investments. GO-Biz is required by statute to consider the extent to which the grant will influence the applicant’s ability, willingness, or both, to create new, full-time jobs in this state that might not otherwise be created in the state by the applicant or any other California business.

The application is divided into two phases and while Phase I of the application may be completed by all eligible applicants, only those applicants that pass Phase I will be invited to proceed to Phase II of the application process. Applicants will be invited by email to complete Phase II of the application, and the email will be sent to the address listed as the “primary contact” in the Contact Information section of the application. In Phase I, a business has the opportunity in the Proposed Project section of the application to explain the role this grant will play in its willingness/ability to commit to its proposed California expansion. The evaluation is a quantitative analysis in which the grant amount requested is compared to the hiring and investment commitments of each applicant. This “ratio” is automatically calculated based on the applicant’s grant request divided by the sum of its aggregate investment and aggregate employee compensation. Phase II brings into consideration a variety of quantitative and qualitative factors, including local unemployment and poverty, competing incentives, economic impact, strategic importance, industry outlook, and the extent to which the applicant demonstrates that the grant will play a significant role in its decision or ability to create new, quality, full-time jobs in California. GO-Biz may automatically move an application to Phase II, regardless of cost-benefit ratio if the applicant certifies that: a. absent award of the grant, the applicant’s project may/will occur in another state, or the applicant may/will terminate or relocate all or a portion of its employees to another state; or b. at least 75% of the applicant’s net increase of new full time employees work at least 75% of the time in an area of high unemployment or high poverty.

Businesses that apply for the grant are not required to have an existing signed lease or purchase agreement; but applicants should have an idea of the general location in California because this will be taken into account during the Phase II evaluation. The applicant should also be able to demonstrate the finance mechanism(s) it has secured or will use to procure its facility(ies). A business should request the grant amount that it needs to be able to commit to implementing its proposed project. In the Proposed Project narrative, you should explain not only why your business “needs” a grant, but specifically how the grant amount you are requesting will enable or incentivize your business to create new full-time jobs that might not otherwise exist in California. The process takes approximately 90 days which includes the period when applications will be reviewed and presented to the California Competes Tax Credit Committee for approval. There is no minimum number of jobs that must be created, provided that the applicant meets the other application eligibility criteria. However, the grants will be awarded on a competitive basis. Applicants should keep in mind that the primary goal of the California Competes Grant program is to stimulate the creation of high-quality full-time jobs. New part-time employees do not qualify and will not be counted towards the employment requirement, even partially.

Eligible Applicants:

Any business can apply for the California Competes Grant Program. The grant is available statewide to all industries. However, while there are no geographic or sector-specific restrictions, the purpose of the California Competes Grant Program is to attract and retain high-value employers in California in industries with high economic multipliers and that provide their employees good wages and benefits. In order to be eligible to apply, a business must commit to at least one of the following criteria: 1. create at least 500 new, full-time jobs in California, or 2. invest at least \$10 million in facility construction/renovation, or 3. create the jobs or make the investments in an area of high unemployment and/or high poverty as defined by the California Competes regulations.

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Sacramento CA 95814
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