

**From:** David Bradbury

**Sent:** Tuesday, September 15, 2020 8:07 AM

**Subject:** Re: Seed Funding for Recovery and Growth - Support Items

Good Morning Senators,

Having watched your deliberations on the Seed Funding crisis for startup and technology enabled businesses not served by the current CRF programs, please accept these final thoughts based upon some of the questions / concerns / hopes expressed:

- **Why do these companies deserve "special treatment":** The economic harms or losses to these firms, which can be documented for grant eligibility, are different than many of the current ACCD administered CRF program beneficiaries. Many have been harmed by delayed, pulled or more onerous/predatory investment terms for seed equity, bank or venture debt and general working capital. This is stalling economic recovery across Vermont. I wish that these situations were covered by the ACCD programs but they simply are not in most cases.
- **Rear View Mirror versus Looking Forward:** The types of companies intended to benefit are among Vermont's best prospects for near term, high wage job growth. Per Tom Kavet's memo, he urged that some CRF funding be directed towards sustaining, longer term economic development programs and uses.
- **Tech Sector Needs Care Too:** Whether or not this sector is viewed as a priority for seed funding grants today, the context of other actions such as the proposed Cloud Tax ought to be considered as well. I would urge the Senate to avoid a harmful double whammy hit to this sector if at all possible. Vermont faces a scenario whereby many of the sector firms are precluded by CRF funds in the current ACCD CRF programs and then will be faced with new Cloud Tax burdens as well.
- **Better Solutions Welcome? -**
  - If ACCD can expand its definition for "harm or loss" and narrow to just this sector or profile of company situation that views loss of equity or bank investment during COVID as eligible, then I am all for ACCD to administer this program. The aim is not to "get VCET money" but to fund companies harmed, and quickly.
  - If the Senate can identify a one time source or smaller annual source of funding to recapitalize the Fund as it currently operates, then we avoid issues around CRF conditions, carve-outs policy, etc and allow the Fund to support these high potential, COVID inoacted firms forward. The ROI is high, proven and ready. Demand for seed funding is at an all time high.
  - The original Seed Fund capitalization was one time federal ARRA monies that were used for two corrections payrolls which then resulted in unencumbered General Funds freed up to start the Seed Fund.

These are extraordinary times and I have nothing but respect and thanks for the efforts of the Legislature, the Governor and the ACCD team. Thank you for hearing from me, VTTA, VEDA and over 300 others via email, phone and petition on this topic in June and in September.

-David Bradbury  
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