

Testimony on Economic Recovery Grants (ERG)

House Appropriations Committee

Rep. Matt Birong

February 22, 2022

The Agency of Commerce has suggested several proposals that result in a decrease in the \$30 million of approved by the Legislature last year for Economic Recovery Grants. Due to the complexity of the process and criteria of this program, there has been minimal uptake on this grant program and \$26 million remains. However, there is a fix in progress to correct this.

The need is still great, and I encourage you to leave that \$26 million in the program as we pass the changes needed to fix the program. The Administration is working to amend this program using VEDA to provide a Vermont-style PPP program that would loan this money to small businesses with a near-immediate conversion to a grant. While there is a growing consensus around this proposal, the Governor's budget shorts this grant program by \$6 million and many businesses have voiced their opposition to that proposal.

As a restaurant owner, I work with the Vermont Independent Restaurants and there is still a huge need. We know this because when the federal government created the Restaurant Recovery Fund, data on need was gathered. While some restaurants received those grants, 581 Vermont restaurants did not, and they are shouldering \$120 million in need. And that is just one industry segment. The lodging properties, wedding venues and other places that people congregate are still feeling the effects of the ongoing pandemic. \$26 million will not resolve all of these problems but please, do not allow the Governor and the Agency of Commerce to shortchange businesses by \$6 million. Please move the entire \$26 million to the new VEDA program and if possible add FY23 funds to that program.

Notes

- ACCD wants to take the \$26 million of ERG in FY22 and move it to the Capital Investment Program (CIP).
- Then they want to appropriate \$20 million in the FY23 budget for the new VEDA program.
- While we support the CIP, we don't think it should be funded with money intended for small businesses that have continued unmet need.
- Mike Marcotte has suggested moving the \$26 million to VEDA and adding another \$20 million to the program.