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HOUSE COMMERCE
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Section 22: Capital Investment Grants

GRANT CAP
Subsection (c)(1):

- Limiting the awards to the lesser $500,000 or "the estimated net State fiscal impact" defeats the purpose of the program: grants to businesses for transformational projects.
- We recommend **elimination of the cap** to allow flexibility by the Agency to respond to the applications that are received.
- Perhaps include a requirement that the funds be evenly disbursed geographically, with no more than one award in any one region (as defined by the regions covered by the regional development corporations).
- Since the model is not yet designed, it is difficult to know the net fiscal impact different types of projects will have.
- We recommend that the **modeling result be used as a contributing factor in the grant decision-making process by adding it to the factors in (e)(3), rather than being used to determine the grant amount.**

WHEN DO FUNDS GET RELEASED?
Subsection (c)(4):

- States that grant funds shall be released upon "determining that the applicant has met all Program conditions and requirements."
- This language infers that the legislation includes Program conditions and requirements to be met before funds can be released, but Section 22 contains no Program conditions and requirements to be met to trigger release of the funds.
- Believe the intent was to allow the Agency to ensure that selected applicants meet conditions they will stipulate in order to execute a grant agreement.
- Recommend changing language to:
  - **(c)(4) The Agency shall release grant funds upon determining that an applicant selected for funding has met any pre-conditions stipulated by the Agency to execute a grant agreement and has executed a grant agreement**."

INPUT/OUTPUT MODELING OF PROJECTS

Subsection (d)(1):

- Requires the Agency to design a data model to assess "fiscal, economic and ***societal impacts***"
    - The inclusion of "societal" impacts is odd since these are more subjective impacts than those typically measured by an economic input/output model.
    - Also, inclusion of "societal" impacts makes Subsection (d)(1) inconsistent with Subsection (e)(2), which requires the Agency to use application data to estimate "the net State fiscal impact" of the project.
    - The requirement to design a model in (d)(1) should be consistent with the use of the model in (e)(2).
    - Recommend change in Section (d)(1): "The Agency shall collaborate…***to assess the net fiscal impact of proposals***."
- As previously mentioned, we recommend that the "net fiscal impact" generated by an I/O **model be used a factor in the decision-making process and not to determine the grant amount**.
    - Suggested language changes:
        - In Section (d)(1): Remove "and prioritize them based on the results."
        - And in Section (e)(B)(3), add a factor "(E) The net fiscal impact of the proposal."

DATA SHARING

- Finally, we are concerned about the information and data sharing required in subsection (e)(1)(B) – share with economists:
    - does not provide the confidentiality protections typically included when detailed proprietary business information is shared with third parties (See, for example 32 VSA Sec 3341 for the VEGI Program).
    - What is purpose? Not opposed to sharing the info, but is there role in the decision-making process? Do they veto decisions?
    - **Recommend ensuring that the economist role is to check the application to the model and not second-guessing grant decisions.**
    - **Recommend adding language that states the reason for the data sharing as a clarification.**