

Bridge Grant Testimony

Senate Economic Development, Housing and General Affairs Committee

Betsy Bishop, President, Vermont Chamber of Commerce

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Vermont Chamber Perspective

During the pandemic, the Vermont Chamber fielded hundreds of calls from businesses across the state trying to understand the relief programs available for businesses to stay viable. It was grueling work without end, yet we know the State workers handled more. We became instant experts, webinar providers, information sharers. Every person on my staff, regardless of their role, stopped what they were doing to help save Vermont businesses. I'm exceptionally proud of my team. In return, we learned so much and with that perspective I share with you today our recommendations to amend the criteria of the most recent grant relief program.

Vermont Bridge Grant Program

ACCD reported that there have been hundreds of users that started an application to the Economic Recovery Bridge Grant that never hit the submit button. There is still a need for these business assistance funds, but the level of complexity and high bar for eligibility have kept this program out of reach for many.

Two Major hurdles for Applicants

1. Tax loss
 - A tax loss isn't always a good indicator of the impact a business felt.
 - When a small business owner or sole proprietor showed a slightly positive tax year what isn't seen is that last year, they didn't take a salary and deferred payments on expenses for their business to stay afloat. Even though their revenue suffered a severe decline, that choice meant they were shut out of the program.

2. Fixed monthly expenses
 - These didn't include things like property tax or business loans that are often driving fixed expense costs.
 - Very complicated, individual situations. Examples...
 - Small business owner often bundling utilities, making it hard to break out expenses.
 - With so many small businesses in Vermont, determining the percentage of home vs. business expenses can be challenging to untangle
 - Some expenses (property taxes, utilities) are covered by lease payments and not expressed in detail, they are paid directly by a landlord and therefore bills are not available to present

Possible Solutions

- The best solution is to provide discretion to the ACCD team. They have become a granting authority over the last two years and have done a phenomenal job with limited resources, quick turn around and changing specs.
- If discretion is not achievable, please return to round 1 and 2 requirements that are based on revenue loss, not tax loss. These are better reflections of COVID impact and worked well to expedite relief.
- Remove the complicated award calculation criteria around specific fixed expenses. This is overburdensome and doesn't reflect COVID impact and unmet need.
- This program needs to have clear guidelines that are simple to administer. Overcomplicating leads to increased administrative time and costs. Every additional criterion creates complications for programmers, applicants, and reviewers.
- The Legislature should not mandate how awarded funds are used. If the funds are being awarded for prior COVID impact, businesses should be able to use them as needed for those purposes.
- To assist in forward looking expenses, invest additional ARPA funds in capital investment program grants and relax the criteria. But to be clear, that should be from other sources.

Restaurant Focus

These recommendations will help all businesses that apply but I want to share with you some specific information about the need in the restaurant industry.

Established through the American Rescue Plan Act in the spring of 2021, the Restaurant Revitalization Fund (RRF) was a \$28.6 billion federal grant program designed to help eligible businesses recover from devastating COVID-19 pandemic-related revenue loss. Unfortunately, these funds were quickly depleted leaving over \$40 billion in unfunded applications nationwide. Approximately two-thirds of Vermont applicants were left behind, leaving 581 Vermont restaurants unserved and shouldering \$121 million in unmet need.

While RRF has helped many Vermont restaurants, this program picked winners and losers, leaving many Vermont restaurants behind while others were given the financial tools to return to thriving. While there may be cautious hope for the replenishment of RRF, it is not likely to happen with any expediency.