



# California Competes Grant Program

## Frequently Asked Questions

Updated July 2022

### Table of Contents

General.....	2
Application Mechanics.....	4
Evaluation Factors.....	6
Evaluation Process .....	7
Grant Program Mechanics .....	8
Employment Requirements .....	8
Privacy.....	9
Contact Information.....	9

## General

### 1. What is the California Competes Grant Program (CCGP)?

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. 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.

### 2. How much in grant funding will be available each year?

The program is authorized to allocate \$120 million for the 2022-23 fiscal year only.

### 3. Can any business apply for a California Competes Grant? Is the grant restricted to only certain industries or locations in California?

Any business can apply for the California Competes Grant Program, provided the business meets at least one of the eligibility criteria as listed in question 5 of this section. 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.

### 4. What are the priorities for the CCGP?

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.

### 5. What are the eligibility criteria in order to be able to apply for the CCGP?

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](#)

Additionally, 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.

**6. Should I apply for the California Competes Grant, Tax Credit, or both?**

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 only apply for a California Competes Grant or Tax Credit in any given application period. It may not apply for both.

**7. How much grant funding should I request?**

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.

**8. How does a business demonstrate the extent to which the grant amount it is requesting will impact its ability/willingness, to create jobs in California that might not otherwise be created by the business or any other business?**

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. This project narrative should address (but not be limited to) the following questions:

- What does the business do? What are its products or services?
- Where are its customers/clients located?
- Do the jobs it is proposing to create have to be in California?
- Are its competitors located in or outside of California?
- Are these kinds of jobs reliant upon local market demand?
- How will the grant *amount* the business is requesting over the 5-year period enable or incentivize its decision to proceed with the California expansion?
- Is the business considering expanding (or moving operations) outside of California? If so...
  - Has it identified a specific site or city?
  - Has it conducted a comprehensive cost comparison between the sites?

**9. What is the maximum ratio that will move my application to the Phase II evaluation process?**

Because the California Competes Grant Program is based on a competitive application process, the maximum ratio for an application to move into Phase II is not set and can vary during each application period. For historical reference only, below is the cutoff ratio for the application periods to date:

FISCAL YEAR	RATIO
2021-22 2 <sup>nd</sup> period	.0239

**10. Are there exceptions to the cutoff ratios?**

GO-Biz will move an application to Phase II, regardless of 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 full-time employees will work at least 75% of the time in an area of high unemployment or high poverty.

The definition for high poverty and high unemployment can be found [here](#) under Definitions.

**11. Are small businesses able to apply for the grant?**

Yes. Businesses of any size are eligible to apply for the California Competes Grant, provided the business meets one of the three eligibility criteria described in question 5 of this section.

**12. Is there a fee to apply for the California Competes Grant Program?**

No, there is no fee to apply.

## **Application Mechanics**

**1. When and how can businesses apply for the California Competes Grant Program?**

Applications for the California Competes Grant Program are accepted at [www.calcompetes.ca.gov](http://www.calcompetes.ca.gov) during the application periods specified in the "CalCompetes Grant Solicitation" located at <https://business.ca.gov/CalCompetes/>.

**2. How long will the process take from application to award?**

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.

**3. Can a business that received a California Competes Tax Credit apply for the grant?**

Yes. However, a business may neither apply for nor receive a grant for the same jobs for which it was already awarded a tax credit. To apply for a California Competes grant, the business must commit to additional full-time jobs and investments.

**4. Can a business apply for both a California Competes Grant and Tax Credit in the same application period?**

No. A business may only apply for either a California Competes Grant or Tax Credit. Please keep in mind that a key component of a successful California Competes grant application will be demonstrating not only why the business “needs” a grant, but also why it cannot take advantage of the existing tax credit program that has significantly more funding available for the fiscal year.

**6. If I receive reimbursements, rebates, grants or other incentives related to the compensation I pay my new full-time employees, must I make an adjustment when computing the “Aggregate Employee Compensation” for my California Competes Grant application?**

No, no adjustment is necessary. However, you will need to list and describe such incentives in the “Incentives and Programs” section of the California Competes Grant application.

**7. Is the “Aggregate Employee Compensation” the total wages for all existing employees and the employees projected to be hired?**

No. In short, the Aggregate Employee Compensation is an estimate of the total projected W-2 wages (not including tips, overtime, bonuses, benefits, stock options, or other compensation of any kind) for the net increase of full-time employees to be employed in California by a business over a five tax-year period.

**8. How do I determine if my proposed employee growth is in an area of High Poverty or High Unemployment when filling out the application?**

You can find the list of cities and counties that fall within areas of high poverty or high unemployment [here](#). This list is updated prior to the start of each application period. Additionally, there is a link in the proposed project section of the application. If you indicate that at least 75% of your proposed net increase of new full-time employees will work at least 75% of the time in an area of high unemployment or high poverty, the application will automatically move into Phase II, regardless of your cost-benefit ratio.

**9. What is the difference between investments in real and personal property?**

Real property is defined as any property located in this state that is attached directly to land, as well as the land itself. It includes, but is not limited to all, land, structures, firmly attached and integrated equipment, anything growing on the land, and all other “interests” in the property which may be the right to future ownership, right to occupy for a period of time, or an easement across another’s property. Real property also includes capitalized costs related to new construction, reconstruction,

or expansion of buildings or structures which will be used in the applicant's trade or business in connection with the project and are subject to depreciation.

Personal property is defined as property that is tangible, movable property, including, but not limited to, vehicles, movable fixtures, equipment, electronic devices, intangible property, including, but not limited to, software licenses, intellectual property acquired in connection with the project that has a quantifiable value, and other business assets which are subject to depreciation.

#### **10. What type of documents are needed to complete a California Competes Grant Application?**

Applicants must use actual numbers from the payroll records for the most recently completed tax year for its full-time employees that worked a full or partial year. It will also be helpful to have a 5-year business plan that includes projected number of new full-time employees, their job classifications, wages, and projected new investments.

## **Evaluation Factors**

#### **1. What factors will GO-Biz consider when reviewing applications for the grant?**

Award of the grant will be based on the following 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 amount of investment in this state by the business.
- The extent of unemployment or poverty where the business is located.
- 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 overall economic impact in this state of the applicant's project or business.
- The strategic importance of the business to the state, region, or locality.
- The opportunity for future growth and expansion in this state by the business.
- The training opportunities provided to employees.
- The extent to which the anticipated benefit to the state exceeds the projected benefit to the business from the grant.
- 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 business in California.

#### **2. Will new or emerging industry/sectors be considered during the evaluation?**

Yes, this will be taken into consideration during the Phase II evaluation.

**3. Are other grants/incentives included in the Phase I evaluation?**

No, these are not taken into consideration until Phase II. However, including other grants/incentives does not necessarily negatively impact an applicant. It is a useful tool for GO-Biz to identify if the applicant may be able to take advantage of other grants/incentives. Applicants will also be asked as part of the application if they would like for a GO-Biz business specialist to contact them about other incentives of which they might not be aware that could benefit their project or business.

**4. Will letters of support from local governments be a part of the process?**

Yes, although not required, letters of support will be taken into consideration during Phase II of the application process. Applicants will be invited to upload supporting documents after being notified of their application being forwarded to Phase II.

**5. Is a business required to have site control to be eligible for a California Competes Grant? For example, if a company is looking to start a business in California, must they have already signed a property lease or property purchase agreement?**

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).

## **Evaluation Process**

**1. Is the Phase I formula detailed in the California Competes regulations?**

Yes, please go to <https://business.ca.gov/CalCompetes/> for a copy of the regulations.

**2. What is the difference between the Phase I evaluation and the Phase II evaluation?**

The Phase I 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.

**3. Are there any exemptions to the Phase I calculation which would allow an application to be considered in Phase II?**

Yes, GO-Biz will move an application to Phase II if the owner, president, chief executive officer, chief financial officer or other equivalent representative of the applicant certifies to GO-Biz that 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.

In addition, if a business indicates in the Proposed Project section that at least 75% of the applicant's proposed net increase of new full-time employees will work at least 75% of the time in an area of high unemployment or high poverty, the application will automatically move into Phase II.

## Grant Program Mechanics

### 1. Is there a minimum and maximum grant amount that a business may request?

Yes, the minimum amount a business can request is \$5 million. The maximum is set in statute at 30% of the total amount of grant funding available. For the 2022-23 fiscal year, the maximum grant request is 30% of \$120 million = \$36 million.

### 2. How and when will the grant be disbursed?

Once the California Competes Committee approves the grant agreement, GO-Biz will disburse the funds in accordance with Exhibit A of the agreement.

### 3. Can a business request all or a portion of its grant be disbursed in advance?

Yes. A business will have the opportunity in the Phase II component of the application to explain why it needs all or a portion of its grant award disbursed in advance of achieving the applicable milestones.

## Employment Requirements

### 1. Is there a minimum number of jobs that must be created?

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.

### 2. What is considered a full-time employee for the California Competes Grant Program?

A full-time employee is defined as an individual that receives a W-2 from the applicant and is paid wages for services in this state of not less than an average of 35 hours per week.

**3. Can new part-time employees be combined to fulfill the new full-time employee requirements?**

No, new part-time employees do not qualify and will not be counted towards the employment requirement, even partially. For example, two new part-time hires do not equal one new full-time hire for the purpose of fulfilling the grant requirements. Likewise, part-time employees should not be included in the “base year” calculation either.

## **Privacy**

**1. Is a California Competes Grant application and its related application materials subject to a California Public Records Act request?**

GO-Biz, like all state agencies, is subject to the California Public Records Act (CPRA) found at Government Code section 6250 et. seq. However, a number of exemptions and prohibitions under both state and federal law apply to prevent disclosure of tax, proprietary, confidential, privileged, financial, and/or trade secret information. Additionally, Revenue and Taxation Code section 19542 specifically prohibits the release of the application and application materials submitted as part of the application process. For applicants awarded a grant, the law requires GO-Biz to post on its website the following information:

- (A) The name of each taxpayer awarded a grant
- (B) The estimated amount of the investment by each taxpayer
- (C) The estimated number of jobs created or retained
- (D) The amount of the grant allocated to the taxpayer
- (E) The amount of the grant recaptured from the taxpayer, if applicable
- (F) The primary location where the taxpayer has committed to increase the net number of jobs or make investments
- (G) Whether the taxpayer was given priority for being located in a high poverty or high unemployment area

## **Contact Information**

If any additional assistance is needed, please email [CalCompetes@gobiz.ca.gov](mailto:CalCompetes@gobiz.ca.gov) or call 916-322-4051.