

Agency of Commerce and Community Development

National Life Building – Davis Building, 6th Floor
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To: Adam Greshin, Commissioner, Finance and Management
From: Lindsay H. Kurrle, Secretary, Agency of Commerce and Community Development
Re: Increased funding for Expanded Economic Development Grants
Date: December 20, 2020

Total Amount Requested: \$20 million. The Agency of Commerce requests an increase in funding to provide Expanded Economic Development Grants unmet need requests for businesses not included in the Accommodations and Food Services sectors (per NAICS).

Request Background: The Agency of Commerce and the Department of Taxes disbursed a combined \$164,857,125 in grant awards to 2,707 applicants in the last week. The final pro rata amount was 41.19% for all sectors not on the 72 NAICS codes. The total unmet need across all sectors was \$697,753,049. We are aware that there are still business owners hanging on for more assistance.

Additional Details: We are – as of the writing of this memo- of the belief that the \$900 billion Congressional Relief Package will include many of these businesses as eligible for the PPP program. We are also aware that we will not have state funds for additional economic recovery grants. However, if there are folks who are left out of the PPP program we want to be prepared to get additional funds to them to help with their outstanding, unmet need and prevent permanent closure. We would target those subsectors (6 digit NAICS codes) who received the 41.19% of their unmet need, who are not addressed in the federal bill, but are nonetheless in dire need, including (NAICS 45) retail, salons, gyms, wedding planners, photographers, florists.

Request: An additional investment of \$20 million in this program will allow the Agency of Commerce to provide supplemental grant amounts for these applicants.

Urgency of Request and Timeline: As of this writing, it is uncertain if Congress will authorize expenditure of CRF beyond December 30, 2020. If no extension of time is authorized, the Committee's approval to grant additional CRF would be necessary today. This will allow ACCD to prepare proper spreadsheets with eligible subsectors and create award letters to be emailed. We would expect checks to go out early in the New Year and can update systems to reflect the additional funds. We have completed the heavy lift of the disbursement of the approved applicants last week and there is no longer the requirement to hold up checks for all to add an additional allotment.

If an extension is authorized, approval on or before December 30 would be required so that those who are not covered by the most recent federal action will receive additional grant funds in January, 2021.



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Confirmation Proposal Complies with CARES Act CRF Guidelines: The Federal CARES Act (the Act) established the “Coronavirus Relief Fund” (CRF) and outlines the permitted uses of the fund in Section 5001 of the Act. In addition to the language as established in the Act, the U.S. Department of Treasury released detailed guidance on the use of funds. Based on both the Act and the subsequently released guidance, the Agency of Commerce and Community Development, and the Department of Taxes are recommending an additional investment in the Expanded Economic Recovery Grant program to cover “...*(1) Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.*”¹

¹ <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>

