



GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT  
STATE OF CALIFORNIA • OFFICE OF GOVERNOR GAVIN NEWSOM

# CALIFORNIA COMPETES GRANT PROGRAM

**Fiscal Year 2021–22 Grant Solicitation**

**January 2022**



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## GUIDANCE AND OVERVIEW

This document provides applicants with information regarding the California Competes (CalCompetes) Grant program and instructions to access and complete the CalCompetes Grant Program (CCGP) application. For more information regarding the CalCompetes program, please visit [www.business.ca.gov/CalCompetes](http://www.business.ca.gov/CalCompetes). If you have additional questions after reading the Grant Solicitation, please contact the CalCompetes team by emailing [CalCompetes@gobiz.ca.gov](mailto:CalCompetes@gobiz.ca.gov) or calling (916) 322-4051.

### Background

The Governor’s Office of Business and Economic Development (GO-Biz) serves as the State of California’s leader for job growth and economic development efforts. GO-Biz offers a range of services to business owners including attraction, retention and expansion services, site selection, permit assistance, regulation guidance, small business assistance, international trade development, assistance with state government, and much more.

The California Competes Tax Credit was created in 2013 to focus on helping businesses grow and stay in California. GO-Biz evaluates the most competitive applications based on the factors required by statute, including total jobs created, total investment, average wage, economic impact, strategic importance, and more. In 2018, the program was extended for an additional five years with at least \$180 million in tax credits available for allocation to business each year through 2023.

While the CalCompetes Tax Credit program has demonstrated tremendous success incentivizing businesses to choose California, a tax credit by its very nature may not provide the immediate assistance that businesses need to put Californians to work as quickly as possible, particularly as we recover from the pandemic-induced recession. Additionally, many companies looking to expand or locate in California might not benefit from a non-refundable tax credit but could utilize a grant. Recognizing that the state must have the resources available now to incentivize businesses to remain in the state, add new, quality full-time jobs, or restore jobs lost as a result of the pandemic or other factors, Governor Newsom’s enacted state budget for fiscal year 2021-22 created the California Competes Grant Program (CCGP) and appropriated \$120 million in funding.

### Our Mission

The CCGP incentivizes the creation of new, quality, full-time jobs that might not otherwise be created in California.

### Program Priorities

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 three 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; (2) smaller businesses with relatively low tax liabilities; and (3) startups with little to no tax liability.

### Timeline

Date	Activity and Detail
January 3, 2022	<b>Application Period Opens</b> The grant application portal will open on this date and will be available at <a href="http://www.calcompetes.ca.gov">www.calcompetes.ca.gov</a> .

January 24, 2022	<b>Phase I Application Due Date</b> Phase 1 applications must be submitted through the online portal no later than 11:59 pm on January 24, 2022.
January 25 – March 2022	<b>Phase II Application and Evaluation</b> Once all applications have been reviewed, the most competitive applicants will be invited to participate in the Phase IIA or IIB application process. Applicants invited to participate in Phase IIA or IIB will be informed by email of the deadline to submit additional information.
March 2022	<b>Tentative Awards</b> GO-Biz will evaluate applications, prepare grant agreements (contracts) for signature, and recommend grant awards during this period.
April 21, 2022	<b>Committee Meeting</b> The California Competes Committee has the ultimate authority to approve or reject Grant Agreements. The Committee will meet on April 21, 2022 and the meeting will be open to the public. Businesses will be notified if they need to attend the meeting to answer questions from the Committee members.
2022 –2026	<b>Grant Term</b> Grant recipients will have until the end of the 5 year grant agreements to achieve their contractual milestones and earn grant funds.

**Funding**

A total of \$120,000,000 is available. The authorizing legislation for this program sets a maximum grant request of 30% of the total amount available. Applications are subject to a minimum request of \$5,000,000 and a maximum request of \$36,000,000.

## ELIGIBILITY CRITERIA

According to the statute (Government Code SECTION 1, Article 4.4, commencing with section 12096.6.), eligible applicants must meet at least one of the following criteria:

- (1) The applicant will create at least 500 new, full-time jobs in this state, determined on the basis of an annual full-time equivalent, as defined in [Section 8000 of Title 10 of the California Code of Regulations](#), as that section read on January 1, 2021.
- (2) The applicant will make a significant infrastructure investment, defined as a project requiring construction or renovation expenditures of at least ten million dollars (\$10,000,000) over no more than five years, in this state.
- (3) The applicant will create jobs or make the investments in a high-poverty area or high-unemployment area, as those terms are defined in [Section 8000 of Title 10 of the California Code of Regulations](#), as that section read on January 1, 2021, in this state.

This same section also clarifies that an applicant cannot apply for a CalCompetes grant if it was already awarded a CalCompetes Tax Credit for the same jobs and/or investments.

An applicant may submit an application for a CalCompetes Grant or a CalCompetes Tax Credit but may not submit concurrent applications for both programs.

### Applicant

“Applicant” means any taxpayer, including, but not limited to, an individual, corporation, or partnership that is a person or entity legally authorized to do business in California prior to the execution of an agreement.

### Annual Full-Time Equivalent (AFTE)

Employees must work at least an average of 35 hours per week to count as a “full-time” employee. *Part-time employees do not count for purposes of the CCGP.* The CalCompetes programs measure employment on an annual full-time equivalent (AFTE) basis. This is a method for accounting for full-time employees that work less than a full year. For example, if an applicant hires a full-time employee on July 1<sup>st</sup>, that employee will work roughly half of the year and thus will count as roughly half of an AFTE in the year in which they are hired. If that employee works a full twelve months in the following year, they will count as a full AFTE.

### Significant Infrastructure Investment

[Section 8000 of Title 10 of the California Code of Regulations](#) provides three relevant definitions that all applicants should review: Investment, Personal Property, and Real Property. While applicants will identify all proposed investments (as defined by the regulations) in the application, only investments related to *construction and renovation totaling at least \$10 million* will count towards application eligibility (if they are not seeking eligibility with one of the other two criteria).

While applicants should review the regulations for the complete definitions, it is important to remember that only investments in real property (e.g., buildings and land) and personal property (e.g., tenant improvements, manufacturing equipment) count. Personal property must meet the criteria for being depreciable as described under Internal Revenue Code sections 167(a) and/or 179. Operational expenses (e.g., utilities, work performed by the applicant’s employees) do not meet the legal definition of investments and thus should not be included.

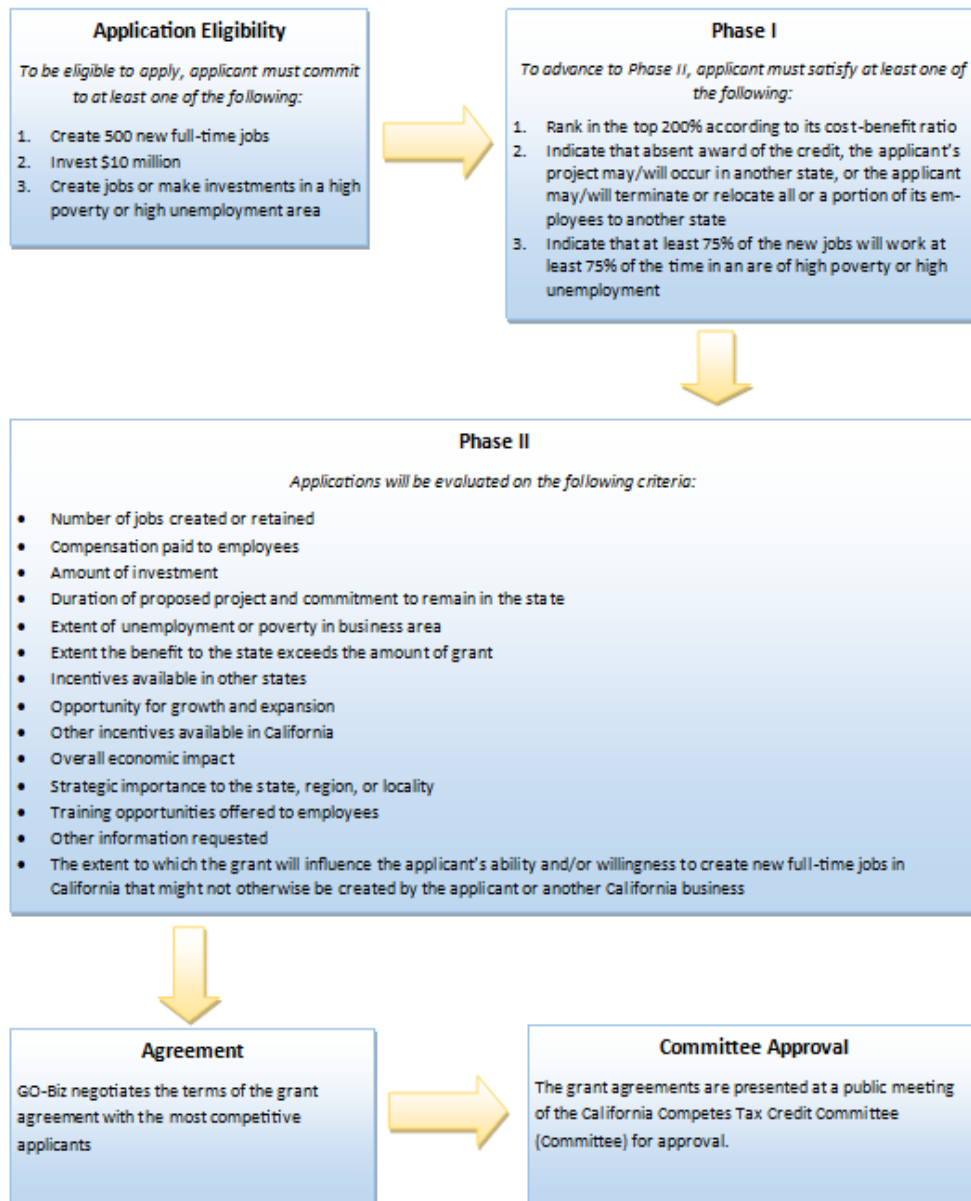
## High Poverty & High Unemployment Areas

The definitions for “High Unemployment Area” and “High Poverty Area” can be found in [Section 8000 of Title 10 of the California Code of Regulations](#). Prior to the start of the application period, GO-Biz will publish on its [website](#) a list of cities and counties that meet these criteria. If the applicant is asserting eligibility under this criterion, at least 75% of its new full-time jobs must be created in a *city or county* on the list of qualifying cities and counties published by GO-Biz prior to the start of the application period.

## APPLICATION COMPONENTS AND REQUIREMENTS

The link to the online application portal, [program one-page flyer](#), Frequently Asked Questions, a detailed Application Guide, and other application support materials are available on [the CalCompetes website](#).

The application is divided into two phases. While Phase I of the application may be completed by all eligible applicants, only those applicants that pass Phase I will be invited to proceed to Phase II of the application process. Applicants will be invited by email to complete Phase II of the application, and the email will be sent to the address listed as the “primary contact” in the Contact Information section of the application. GO-Biz is not responsible for any email not received due to the recipient’s security or anti-spam software, or any problems within the recipient’s email system.



### Phase 1 Application Components

All Eligible Applicants may apply to Phase I of the CalCompetes application in the online portal. Please review the *Application Guide* and *Application PowerPoint* on the GO-Biz [website](#) to see the application questions and required information. GO-Biz will also hold a series of online webinars to assist applicants with submitting complete and accurate applications.

### Definitions

All terms used in this document and the CCGP online application will have the same meaning as defined in [Section 8000 of the CalCompetes regulations](#).

### Application Process

With the exception of items noticed below, the CCGP application process will be identical to the CalCompetes Tax Credit application and as described in [Section 8030 of the CalCompetes regulations](#).

In Phase I, when creating an application, the business will be asked which of the three eligibility criteria apply to its application.

In Phase IIA, the applicant will be asked to upload supporting documentation, including but not limited to, documentation of good standing with the State of California and affidavits attesting that 1) the applicant does not owe any back taxes and 2) provides details as to the applicant's risk of growing outside of California or reducing its California workforce, absent award of the grant (if applicable).

In Phase IIB, the business will be asked to describe, in detail, how this grant will influence its ability, willingness, or both to create new full-time jobs in California that would otherwise not be created by the applicant or any other California business. Applicants should include a quantitative rationale for the amount of grant funding requested. In addition, recognizing the priorities for this grant program and the finite amount of funds available, the business will also be asked to provide a strong business case for the grant, including an explanation for why it "needs" a grant and would not be able to take advantage of the existing tax credit program.

### **Phase II Application Components**

The Phase II application will only be provided to applicants that pass the automated Phase I application criteria as described in [Section 8030 of the CalCompetes regulations](#). In Phase IIA, applicants will be asked to fill out and/or upload supporting documents. Based on a review of the Phase I and IIA information, the most competitive applicants will be invited to fill out the Phase IIB portion of the application. In Phase IIB, applicants will be asked for greater detail on the nature of the capital investments, types and classifications of jobs being created, wages and benefits offered, formal and informal training provided, current and proposed efforts to promote a diverse and inclusive workforce, and any other information GO-Biz deems necessary.

### **Application Submission Process**

Applications must be submitted electronically using the GO-Biz online CalCompetes portal which can be accessed via a link at [www.CalCompetes.ca.gov](http://www.CalCompetes.ca.gov). Users of the portal will first need to create an account. **All applications must be submitted by the due date and the online application portal will automatically close once the due date has passed. There are no exceptions or extensions of application deadlines. Any technology challenges or inability of an applicant to submit an application by the deadline for any reason shall not be grounds for an extension of the deadline.** Applicants are encouraged to submit their application before the deadline in the event technical assistance is required. For help applying, please send an email to [CalCompetes@gobiz.ca.gov](mailto:CalCompetes@gobiz.ca.gov) with the subject line: CalCompetes Grant Online Help or call (916) 322-4051.



# Application Evaluation

## Application Review Process

GO-Biz will utilize the following application review process:

1. Phase I eligibility review – Applications will be verified for completeness and eligibility
2. Disqualifications – GO-Biz reserves the right to disqualify applicants or deny applications for the following reasons:
  - Incomplete applications
  - Ineligible applicant
  - Proposal deemed inconsistent with the statutory or programmatic requirements of the CalCompetes program
3. Phase I evaluation– See [Section 8030 of the CalCompetes regulations](#) for more information about the automated Phase I evaluation process
4. Phase II evaluation – See the [CCGP one-page flyer](#) for a list of the Phase II statutory evaluation criteria

## CalCompetes Committee Approval

Upon the conclusion of the Phase II evaluation, GO-Biz will negotiate the terms of the grant agreement with the most competitive applicants. The grant agreements will then be presented at a public meeting of the California Competes Tax Credit Committee (Committee) for approval. Applicants may be requested to appear in-person (or online in the event the meeting is held virtually) to answer questions from members of the Committee. Agreements must be approved by the Committee.

# Program Administration

## Advance Payments

As part of the application process, applicants will indicate how much (if any) of the grant award is needed in the form of an advance payment. The advance payment and allocation agreement will be negotiated with applicants once recommended for a grant award.

## Reporting Requirements

GO-Biz will provide all grantees with an annual worksheet to verify successful achievement and/or maintenance of the applicable milestones. If the grantee achieved the applicable milestones, then the grantee need only send an email confirming achievement of the milestones but does not need to return the annual worksheet. If the grantee did not achieve the applicable milestones, it shall submit the worksheet to GO-Biz and a narrative explanation of any issues or challenges in achieving the milestones and corrective actions being taken in subsequent years.

At a minimum, the annual worksheet shall include:

- Total number of full-time employees for the prior year, as determined on an annual full-time equivalent basis.
- Minimum and average starting wages for all new employees hired.
- Total number of full-time employees hired into newly created positions, not counting employees hired to replace an existing position.
- Total amount of investments that were paid for and placed into service in the prior year.

- Total amount of construction and renovation expenditures if that criterion was the basis for the grantee's application eligibility.
- City and county where the new employment and investments were made.

The grant agreement will cover a 5-year period, commencing with the tax year in which the grantee applied and four subsequent tax years.

Grantees will be required to maintain achieved employment milestones (on an annual full-time equivalent basis) for 3 subsequent years in order to avoid having all or a portion of its grant recaptured, thus requiring a repayment of grant funds to the state.

### **Compliance, Material Breach, and Recapture Provisions**

The Franchise Tax Board (FTB) is required to review the books and records of all grantees to ensure compliance with the terms and conditions of the grant agreement.

On an annual basis, the grantee informs GO-Biz if it has met its agreement commitments relating to jobs creation, wage levels, and investments. FTB's review is initiated once annual notification is received from GO-Biz. Through its review of the grantee's books and records, FTB verifies the grantee has complied with its agreement terms and conditions. FTB performs this verification by requesting a variety of source documents and other information from the awardees. The information-gathering process can occur over a series of interactions to obtain needed information. FTB may also perform site tours or field visits during the verification process.

A material breach for purposes of this program shall include, but not be limited to: (a) Failure to timely furnish the documents requested by GO-Biz or the FTB relating to the grantee's compliance with its agreement; (b) Material misstatements in any information provided to GO-Biz as part of the application process and/or after the agreement is signed; (c) Failure to materially satisfy applicable milestones as set forth in the grant agreement, materiality of which shall be determined by GO-Biz, by the end of the last year as identified in the agreement; (d) Failure to maintain any of the three (3) employee based Milestones for a minimum of three (3) subsequent years after achieving the milestone(s).

In the event of a material breach of the Agreement, GO-Biz will work with the grantee to cure the breach. If the grantee is unable or unwilling to cure the breach, GO-Biz may recommend that the Committee recapture all or a portion of the awarded grant funds. If the grants funds were already issued to the grantee, a recapture will result in the grantee having to repay the funds to the State.

### **Technical Assistance**

For technical assistance with an application or questions about the CCGP, please call 916-322-4051 or email [CalCompetes@gobiz.ca.gov](mailto:CalCompetes@gobiz.ca.gov).