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California Competes Grant Program FAQ

What is the California Competes Grant Program?

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 the California Competes Tax Credit (CCTC) Committee.

What are the priorities for the CCGP?

The primary goal of the CCGP is to incentivize businesses to create quality, full-time jobs in California. 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 specifically targets the following businesses:

- Businesses that continuously reinvest profits, generating either significant R&D tax credits or net operating losses;
- Small businesses with minimal or no tax liability; ***and***
- Startups with minimal or no tax liability

What is the benefit?

The CCGP is a cash grant award. GO-Biz has budgeted **\$120 million** for a single application round that runs July 25, 2022 to August 15, 2022. The minimum amount a business can request is \$5 million. The maximum is 30% of the total amount of grant funding available. The maximum grant for the 2022-23 fiscal year is **\$36 million** (30% of \$120 million).

What businesses are eligible for the credit?

The CCGP is available to businesses of any size that meet at least ***one*** of the following criteria:

- Create at least 500 new full-time jobs in California;
- Make capital investments of at least \$10 million; ***or***
- Develop a project in an area of high unemployment or poverty as defined in the CCTC regulations



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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 that might not otherwise be created in the state by the applicant or any other California business.

May businesses apply for both the California Competes Tax Credit and California Competes Grant Program?

A business may only apply for the CCGP or CCTC in any given application period. It may not apply for both. The CCGP application must demonstrate why the business requires a grant and is unable to benefit from the CCTC program that offers significantly more funding.

What is the application process?

The Phase I evaluation is a quantitative analysis in which the cost-benefit ratio (CBR) is calculated by dividing the applicant's credit request by the sum of the aggregate employee compensation and property investment forecasted over the next five years. If an application is accepted, it moves to Phase II. In Phase II, GO-Biz takes into consideration a variety of quantitative and qualitative factors including:

- The number of full-time jobs created or retained in California
- Compensation paid to employees
- Amount of property investment
- 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



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GO-Biz will automatically move an application to Phase II if:

- The business certifies that absent award of the grant the applicant's project may occur in another state or the applicant will terminate or relocate all or a portion of its employees to another state; ***or***
- 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

How much time is required to submit an application?

Although each business is unique, most Phase I applications take no more than 10 hours to complete and those accepted into Phase II require an additional 5-10 hours. Awards are generally approved by the CCTC Committee within 90 days of submission.

What compliance is required after receiving an award?

Awardees must provide an employee count and wage data as well as property investments each tax year to determine if milestones of the CCGP agreement have been met.

What are the CCTC services provided by FCG?

FCG seeks to maximize CCGP awards of its clients by offering the following services:

- Preparing the Phase I application
- Researching industry data to determine the award request
- Interfacing with GO-Biz to resolve any uncertainties with the application
- Assembling required documentation
- Drafting the narrative and Phase II application
- Attending CCTC Committee meetings
- Completing annual certification worksheets

So what's the bottom line?

The CCGP can be extremely valuable. Call or [email](#) us for a **free consultation**.