



## Legislative Fiscal Bureau

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June, 2021

Joint Committee on Finance

Paper #655

### **Overview of Federal Recovery Funding Supporting Businesses (Wisconsin Economic Development Corporation)**

[LFB 2021-23 Budget Summary: Page 619, #1; Page 622, #4 & #6; and Page 623, #8, #9, & #10]

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#### **OVERVIEW**

This paper provides information on the federal funding to directly assist businesses in the state, and federal funding provided to state, local, and tribal governments in Wisconsin to assist businesses with the economic disruption caused by the COVID-19 pandemic. Also discussed is the economic development funding proposed under Assembly Bill 68/Senate Bill 111 (AB 68/SB 111) for the Wisconsin Economic Development Corporation (WEDC).

The COVID-19 pandemic caused a historic contraction in economic activity across all sectors of the economy in 2020. The pandemic significantly reduced consumer spending in the Spring of 2020, as well as reshuffled consumption patterns, as consumers shunned large gatherings and services provided in person. Factories and employers in several industries temporarily closed, employers laid off or furloughed their employees, and employees shifted to remote work rather than commuting to the office. Due in part to the scale of the fiscal and monetary policy response, and to the relaxation of business closures and social distancing mandates, the economy rebounded significantly over the latter half of 2020 and 2021, but not by enough to fully recover from the declines occurring in the Spring of 2020. The economic fallout resulted in a variety of challenges for small businesses and workers across the state.

In response to the COVID-19 pandemic, Congress provided more than \$5.5 trillion nationwide by enacting several stimulus bills, including \$2,177 billion under the Coronavirus Aid, Relief, and Economic Support Act (CARES), \$7.8 billion under the Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020, \$97 billion under the Families First Coronavirus Response Act (FFCRA), \$900 billion under the Coronavirus Response and Relief Supplemental Appropriations Act [which was enacted as part of the Consolidated Appropriations

Act of 2021 (CAA)], \$484 billion under the Paycheck Protection Program and Health Care Enhancement Act; and \$1,900 billion under the American Rescue Plan Act of 2021 (ARPA). Wisconsin enacted 2019 Act 185 to adopt several of the CARES provision for state corporate income/franchise tax purposes, and enacted 2021 Act 1 to adopt several provisions of the CAA (among other law changes).

According to USAspending.gov (which is required by the federal Office of Management and Budget to track federal contracts, grant awards, loans, direct payments, and other federal assistance at the state and local level), recipients located in Wisconsin received \$24.1 billion of federal awards through April 30, 2021, by contracts or financial assistance to individuals, organizations, businesses, or state, local, or tribal governments in response to COVID-19. However, the \$24.1 billion estimate does not include certain federal funding. Thus, the total amount received by recipients located in Wisconsin under all federal legislation is likely far larger.

## **DISCUSSION POINTS**

### **Economic Support Funding under CARES**

1. CARES included \$377 billion for Small Business Administration (SBA) grants and loans, \$268 billion for enhanced unemployment benefits, \$293 billion for stimulus rebates to individuals, \$161 billion for increased limits on losses for corporations and individual taxpayers, \$150 billion for state and local governments, \$127 billion for the public health and social services emergency fund, \$55 billion for employee retention credits for affected employers, and \$292 billion for other agencies, as well as discretionary and mandatory spending. CARES also provided for certain loans and loan guarantees of more than \$454 billion. Notable provisions that provided support for businesses include the following.

2. *Paycheck Protection Program (PPP)*. The PPP provided forgivable loans to certain businesses, and non-profits, having less than 500 employees. The first round of PPP loans were available under the SBA's Section 7(a) loan program through August 8, 2020, and could be used to cover various business expenses, including payroll and rent payments. As long as certain loan conditions were met, PPP loan recipients could qualify for loan forgiveness. Both state and federal law provide that forgiven PPP loan amounts are not considered taxable income for income and franchise tax purposes, and that expenses otherwise deductible cannot be denied on the basis that they were paid via PPP loan proceeds. According to the SBA, Wisconsin businesses received almost \$9.9 billion in Round 1 PPP loans.

3. *Economic Injury Disaster Loan (EIDL) Advances*. CARES made the preexisting EIDL program, administered by the SBA, available to certain qualifying small businesses having 500 or fewer employees. The EIDL loans were intended to meet financial obligations and expenses of businesses resulting from the economic impacts of the COVID-19 pandemic through December 31, 2020. Prior to (and after) CARES, EIDL loans are generally available at 3.75% interest for businesses (2.75% for nonprofits) over 30 years. CARES provided for forgivable advances (not required to be repaid) for businesses experiencing economic hardship in the amount of \$1,000 per employee, up to a maximum of \$10,000.

4. *Coronavirus Relief Fund (CRF)*. CARES created the CRF to assist individuals, families, businesses, and communities respond to, and recover from, the COVID-19 pandemic. Approximately \$2.0 billion in federal funding was provided from the CRF to the State of Wisconsin.

5. *Direct Receipt of CRF Monies by Local Units of Government*. Under CARES, local units of government were eligible to receive money directly from the CRF if their population exceeded 500,000. Wisconsin had three local governments that meet this criterion: Dane County, Milwaukee County, and the City of Milwaukee. Based on their populations, Dane County received approximately \$95 million, Milwaukee County received approximately \$62 million, and the City of Milwaukee received approximately \$103 million. The chief executive of each unit of government receiving a payment has the authority to decide how to spend the CRF money, provided it is used in accordance with the CARES requirements. For example, Dane County announced a series of initiatives that utilized funding from its CRF payment, including: (a) \$700,000 in funding for public health; (b) \$3 million in payments to food pantries for purchasing food from local farmers; (c) \$3.5 million in grants to childcare providers; (d) \$10.8 million in grants to support local small businesses; and (e) \$10 million to assist renters facing possible eviction.

6. *Economic Support Programs Funded under State CRF monies*. Provisions of 2021 Act 1 exempted monies received from certain economic support programs funded through the CRF, including the following: (a) broadband expansion; (b) privately owned movie theater grants; (c) nonprofit grant programs; (d) a tourism grants program; (e) a cultural organization grant program; (f) music and performance venue grants; (g) lodging industry grants; (h) low-income home energy assistance; (i) a rental assistance program; (j) supplemental child care grants; (k) a farm support program; (l) grants to small businesses; (m) ethanol industry assistance; and (n) Wisconsin Eye. Further, Act 1 specified that the general rule prohibiting deductions for expenses paid with wholly exempt income under the corporate income/franchise tax would not include exempt income under this provision. Information for each of these programs is described below.

7. *Broadband Expansion*. On October 8, 2020, the Public Service Commission (PSC) awarded \$5,378,500 to 12 projects to increase broadband internet access in underserved areas of the state and to support telehealth, distance learning, and telecommuting needs during the coronavirus public health emergency.

8. *Privately Owned Movie Theater Grants*. On October 27, 2020, a total of \$10 million was awarded to support 54 privately owned movie theaters for expenses incurred, or revenues lost, in Wisconsin between March 1, 2020, and December 30, 2020, due to the COVID-19 pandemic. The awards were based on the total of 684 screens that all applicants operated, such that each awardee received \$14,620 per screen.

9. *Tourism Grants Program*. A total of \$12 million was allocated to support local tourism organizations that have been negatively impacted by COVID-19. These grants, called Tourism Relief to Accelerate Vitality and Economic Lift grants, were distributed to Wisconsin's tourism promotion and tourism development organizations, such as convention and visitors bureaus, to support these organizations in resuming business operations and restoring economic activity lost during the COVID-19 public health emergency. Grants could not exceed \$500,000 per award or 25% of the applicant's average tourism marketing and development budget over the three previous fiscal years,

whichever was less.

10. *Cultural Organization Grant Program.* A total of \$15 million was allocated to support nonprofit cultural organizations whose operations have been negatively affected by COVID-19. Grants could not exceed \$250,000 per award or 25% of the applicant's average operating revenues over the three previous fiscal years, whichever was less. Grants supported expenditures made, or revenues lost, between March 1, 2020, and December 30, 2020, including: (a) employee compensation; (b) protective equipment for staff; (c) cleaning and sanitizing expenses; and (d) equipment to facilitate employee telework.

11. *Music and Performance Venue Grants.* DOA awarded a total of \$17.3 million to support music and performance venues in Wisconsin whose facilities were negatively impacted by the COVID-19 pandemic. To be eligible, venue operators must have generated 33% or more of their income through direct ticket sales or event charges for the production or presentation of live music, other entertainment, or large conventions and meetings. Award amounts were up to the lesser of \$500,000 or 25% of 2019 ticket or event sales. Applications for grants were evaluated by financial need, whether live entertainment or large convention and business meetings were a central component of their business, and the area and customers served.

12. *Lodging Industry Grants.* DOA awarded a total of \$20.4 million to support lodging operators with a hotel, motel, or bed and breakfast establishment in Wisconsin in operation since September 1, 2019. Grants could be used to cover expenses or revenues lost in Wisconsin, or in direct support of lodging property in Wisconsin, as a result of the COVID-19 pandemic, between March 1, 2020, and December 30, 2020. Award amounts were based on the number of eligible rooms in Wisconsin owned and operated by the applicants and the qualifying expenditures and/or revenue lost.

13. *Low-Income Home Energy Assistance.* A total of \$26 million was awarded to the Home Energy Plus program, which also received increased funding directly from CARES. The program, funded by the federal Low-Income Home Energy Assistance Program, helps low-income households with energy and heating bills, crisis prevention, and weatherization. An additional \$1 million was allocated for the non-profit organization Keep Wisconsin Warm/Cool Fund. To be eligible for the program, a household must have an income no greater than 60% of the statewide median income. In 2019-20, the guideline was equivalent to \$55,151 annually for a household of four. A household must generally meet the income requirement during the three months prior to application; however, in an emergency, eligibility may be based on the previous month of income. In response to the COVID-19 pandemic, 2019 Act 185 extended the application period for energy assistance to any time during 2020, rather than between October 1 and May 15.

14. *Rental Assistance Program.* Under the \$35 million rental assistance program, residents with household income at or below 80% of their county's median income could apply for direct financial assistance with rent or security deposit payments. Eligible residents could receive up to \$3,000 in total, paid directly to landlords on their behalf. DOA partnered with 16 organizations across the state to process applications and provide assistance. As of October 12, 2020, preliminary records indicate that \$23.9 million has been distributed to 10,274 households in Wisconsin. On October 5, 2020, an additional \$10 million was allocated for this program, to increase the total allocation from \$25 million to \$35 million through June 8, 2021.

15. *Supplemental Child Care Grants.* In addition to supplemental Child Care and Development Funds received under CARES, the Department of Children and Families also used \$79.7 million from the CRF to provide two rounds of supplementary "Child Care Counts" grant programs. The first program, supported with \$46.5 million in CRF monies, supported the costs of child care providers maintaining or enhancing compliance status, YoungStar rating, and improving health and safety practices. The second program, supported with \$33.2 million of CRF monies, supported the staff recruitment and retention efforts (such as incentive pay or signing bonuses).

16. *Agricultural Supports.* A total of \$75 million of CRF funds was provided to support the agricultural sector, consisting of \$50 million for the Wisconsin Farm Support Program and \$25 million for the Food Security Initiative. The Wisconsin Farm Support Program, administered by the Department of Revenue (DOR), provided direct payments to approximately 15,200 farmers totaling \$50 million in two phases. In phase one, farmers with 2019 gross incomes of \$35,000 to \$5,000,000 were eligible for payments, which totaled \$41.6 million. The second phase allocated remaining funding of \$8.4 million to farmers with 2019 gross incomes of \$10,000 to \$5,000,000 who had not previously received a payment. Under the Food Security Initiative, the Department of Agriculture, Trade and Consumer Protection awarded \$5 million in Network Support Grants and \$10 million in Wisconsin Products grants to food banks, food pantries, and other nonprofit organizations. Network Support grants support implementation of social distancing and public health guidance at recipient organizations, such as curbside pick-up or delivery services, additional food processing and packaging, increased cleaning, and other operating costs related to COVID-19. Wisconsin Products grants support the purchase and distribution of Wisconsin agricultural products by recipient organizations to address food insecurity, reduce food waste, and strengthen farm-to-table connections. Grant awards were announced on August 27, and supported activities through mid-November, 2020. On October 5, 2020, an additional \$10 million was allocated to the Food Security Initiative.

17. *Grants to Small Businesses.* CRF funding of \$288.5 million supported the following small business grant programs.

"We're All In" Small Business Grants - Phase 1. The "We're All In" Small Business Grant program - Phase 1 provided grants of \$2,500 to Wisconsin small businesses. Grant funds could be used for any operating costs, including, but not limited to, wages and salaries, rent, mortgages and inventory, and for health and safety improvements. Grant recipients were required to pledge to observe certain health safety best practices in their facilities intended to protect employees, customers, and the communities in which they operate. WEDC distributed approximately \$65.3 million to 26,122 businesses in Wisconsin.

"We're All In" Small Business Grant Program - Phase 2. Phase 2 was designed using input from WEDC and was administered by DOR. The program provided \$5,000 grants to up to 24,000 Wisconsin small businesses. Grants could be used for the same purposes, and grant recipients must follow the same guidelines, as in Phase 1 of the program (described above). Through April, DOR distributed \$180.1 million from the CRF.

"We're All In" Small Business Grants for Restaurants - Phase 3. A separate program administered by DOR provided grants of up to \$20,000 to more than 2,000 Wisconsin small businesses. Unlike previous phases of the "We're All In" grant program, businesses did not have to

apply for the grants. Instead, DOR identified and contacted businesses through the Department's business tax records. According to DOR, pre-qualified applicants were contacted on December 11, 2020, to confirm their eligibility, and were required to respond by December 18, 2020. All grants were issued no later than December 30, 2020, in a total amount of \$40.1 million from the CRF.

Innovation Contest. The "We're All Innovating" contest was a grant program administered by WEDC, in conjunction with the Wisconsin Technology Council, to support innovative startup and established small companies to introduce innovations responding to the impacts of the COVID-19 pandemic, including new business models and best practices for operations that would otherwise remain dormant. Grants were available to businesses having 50 or fewer employees, with the CRF providing funding of \$3.0 million for the program.

18. *Ethanol Assistance.* CRF funding of \$3.3 million was provided to support ethanol plants in Wisconsin for expenses incurred, or revenue lost, as a result of the COVID-19 pandemic.

19. *Wisconsin Eye.* CRF funding of \$100,000 was awarded to Wisconsin Eye, a 501(c)(3) organization that broadcasts proceedings at the Wisconsin State Capitol to the public. The grant was intended to help with revenue shortfalls incurred as a result of the COVID-19 pandemic, which was deemed necessary due to Wisconsin Eye's role in enabling the public to observe legislative proceedings while maintaining social distancing.

### **Economic Support under the Paycheck Protection Program and Health Care Enhancement Act**

20. The Paycheck Protection Program and Health Care enhancement Act provided \$484 million to: (a) restart the first round of PPP loans and provide additional funding for the EIDL advances program (both of which had exhausted the funding provided under CARES); (b) to reimburse health care providers for expenses and lost revenue attributable to COVID-19; and (c) to develop and administer COVID-19 testing. As noted, Wisconsin businesses received almost \$9.9 billion in Round 1 PPP loans.

### **Economic Support Funding under the CAA**

21. The CAA provided for additional stimulus of approximately \$900 billion. This includes: (a) \$325 billion for small business relief, including \$284 billion for a second round of forgivable PPP loans; (b) \$166 billion of stimulus rebates for persons with adjusted gross income below \$75,000 (\$150,000 for married couples); (c) \$120 billion for the extension of unemployment compensation programs through March 14, 2021; and (d) \$125 billion to states for education, transportation, and COVID-19 mitigation. The remaining amounts support a number of federal programs, including community development lending programs, vaccine distribution and procurement, rental assistance, enhanced supplemental nutrition assistance program benefits, additional childcare funding, and additional funding for broadband, as well as a number of tax law changes included in the CAA. Notable provisions that provided direct financial support to businesses include the following.

22. *PPP Loans.* The CAA provided for a second round of PPP loans to businesses having 300 or fewer employees, with certain expansions in eligibility and qualifying expenses compared to

the previous round. According to the SBA, through May 31, 2021, Wisconsin businesses received almost \$4.4 billion in second round PPP loans. The CAA clarified that forgivable PPP loans are not taxable and recipients may claim deductions on any business expenses paid using PPP loan proceeds. Pursuant to 2021 Act 1, state law conforms to federal tax treatment of PPP loan proceeds.

23. *EIDL Advances.* The CAA provided additional funding and extended the availability of EIDL advances to certain qualifying small businesses having 300 or fewer employees through December 31, 2021. The CAA clarified that forgivable EIDL advances are not taxable and recipients may claim deductions on any business expenses paid using EIDL advance proceeds. Pursuant to 2021 Act 1, state law conforms to federal tax treatment of EIDL advance proceeds.

24. *Payment Assistance for Certain Loan Payments.* CARES required the SBA to make payments of interest, principal, and fees owed by borrowers for certain preexisting loans (including Section 7(a), Section 504, and Microloan programs) for a six-month period. The amounts paid by the SBA are forgiven and borrowers are not required to repay the SBA. The CAA specifies that these federal subsidies are not included in income for federal tax purposes and that deductions are allowed for expenses paid with those proceeds. Pursuant to 2021 Act 1, state law conforms to this federal tax treatment.

25. *Grants to Shuttered Venue Operators.* The CAA provides a new grant program for live venue operators, talent representatives, movie theaters, and museums that were fully operational on February 29, 2020, and experienced a revenue reduction of at least 25% in one quarter of 2020 compared to 2019. The CAA specifies that the grants are not taxable and that deductions are allowed for expenses paid with those proceeds. Pursuant to 2021 Act 1, state law conforms to this federal tax treatment.

26. *CRF Extension.* The CAA also extended the deadline for the use of CRF monies by one year, from December 30, 2020, to December 31, 2021.

### **Economic Support Funding under ARPA**

27. ARPA provided for additional federal spending of \$1,900 billion. This includes: (a) \$410.6 billion for stimulus rebates to individuals; (b) \$350 billion of aid to state and local governments; (c) \$287 billion of support for education; (d) \$194 billion in expanded tax credits and healthcare subsidies; (e) \$125 billion for COVID-19 mitigation; (f) \$109.5 billion for expansion of the child tax credit; (g) \$96 billion for transportation and infrastructure; and (h) \$33 billion for agriculture and entertainment venues. The remaining funding supports various other programs. For example, an additional \$580 million was allocated to Wisconsin to support child care programs.

28. Notably, ARPA provided funding to extending the enhanced UI benefits through September 6, 2021, extended pandemic emergency unemployment compensation from 23 weeks to 54 weeks, and created a \$10,200 tax exclusion for tax year 2020 for unemployment compensation for those having incomes less than \$150,000. ARPA also provided funding to extend the following programs: (a) \$7.25 billion for PPP loans; (b) \$15.0 billion for EIDL advances; and (c) \$1.25 billion for shuttered venue operator grants. Other programs include the following.

29. *Restaurant Revitalization Grants.* ARPA provides \$28.6 billion in federal fiscal year 2021 for a new restaurant revitalization grant program, including \$5 billion for eligible entities with gross receipts during 2019 of no more than \$500,000. Grants are equal to the pandemic-related revenue loss of an eligible entity, up to \$10 million per eligible entity, with no more than \$5 million for each physical location. Any grant amounts that exceed the actual gross receipts of an eligible entity in 2020 must be returned. Both federal and state law provide that restaurant revitalization grant proceeds are excluded from gross income for income tax purposes and that otherwise deductible expenses paid directly or indirectly with such grants would be deductible.

30. *Local Fiscal Recovery Fund (LFRF).* ARPA created the LFRF to provide every local government in Wisconsin with direct payments. Local governments have through December, 2024, to expend these funds. Overall funding of \$2,316.4 million was provided to towns (\$160.2 million), villages (\$97.6 million), cities (\$929.4 million), and counties (\$1,129.2 million). In general, LFRF monies may be used to respond to the coronavirus pandemic or its negative economic impacts, to make investments in certain broadband, sewer, or water (including storm water) infrastructure, or to provide premium pay for essential workers. Pursuant to guidance from the Department of the Treasury, this includes support for small business and impacted industries.

31. *State Fiscal Recovery Fund (SFRF).* Subsequent to the introduction of AB 68/SB 111, ARPA allocated a total of \$219.8 billion to the SFRF, to be divided among states, territories, and tribal governments. SFRF payments may be used to cover costs incurred prior to December 31, 2024, including, but not limited to, responding to the coronavirus pandemic or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality. It is estimated that Wisconsin will receive \$2.5 billion in direct payments from the SFRF.

According to DOR, up to \$420.0 million of funding received under the SFRF will be provided to support the Wisconsin Tomorrow Small Business Recovery grant program. The new grant program will support up to 84,000 Wisconsin small businesses having gross annual revenue between \$10,000 and \$7,000,000, including those that started in 2020, with \$5,000 awards. To qualify, at least 75% of the business's value of real and tangible personal property owned or rented and used by the business must be located in Wisconsin. Further, at least 75% of the amount of the business's labor costs must be incurred by individuals performing services for the business in Wisconsin. DOR indicates that the application process opened May 24, 2021, and closed on Monday, June 7, 2021.

The administration also indicates that it plans to utilize additional ARPA funding for assistance to small business, such as \$100 million to expand access to high-speed broadband internet statewide. However, such plans have not been finalized as of this writing.

### **WEDC Economic Development Programs Recommended under AB 68/SB 111**

32. AB 68/SB 111 would provide \$238 million in state funding to assist Wisconsin small businesses in recovering from the COVID-19 pandemic. These amounts were recommended above WEDC's base funding for its operations and economic development programs. According to the Governor's Budget in Brief, when combined with efforts by the federal government, the recovery package would help save thousands of jobs and small businesses in all parts of Wisconsin.



33. First, AB 68/SB 111 would create a biennial appropriation and provide \$200,000,000 GPR in 2021-22 to assist small businesses in recovery from the economic impacts of the COVID-19 pandemic (Alternative 1). WEDC would be required to aid in the state's economic recovery by providing financial assistance to small businesses adversely affected by the pandemic, including for the retention of current employees and the rehiring of former employees. WEDC would be required to coordinate with DOR, to the extent necessary, to administrate the program.

34. AB 68/SB 111 would also provide \$8,000,000 GPR to WEDC to expend up to that amount in 2021-22 to fund organizations focused on local or regional economic development for the purpose of assisting businesses and nonprofit organizations in their recovery from the economic impacts of the COVID-19 global pandemic (Alternative 2). According to the Governor's Budget in Brief, funding would be provided to local and regional economic development organization is to help ensure that Wisconsin's recovery from the devastation of the pandemic is equitable across Wisconsin's regions, communities, and economic sectors.

35. Further, AB 68/SB 111 would provide \$5,000,000 GPR in 2021-22 to provide grants, loans, and other assistance to underserved communities, including members of minority groups, women-owned businesses, and individuals and businesses in rural areas (Alternative 3). According to the Governor's Budget in Brief, underserved communities were especially hard hit by the pandemic and need additional dedicated assistance on the road to recovery. The Committee could consider whether to provide such funding on a one-time basis (Alternative 3a) or on an ongoing basis (Alternative 3b.)

36. AB 68/SB 111 would increase expenditure authority to WEDC by \$10,000,000 GPR in each year of the 2021-23 biennium (Alternative 4). According to the Governor's Budget in Brief, the increase is generally to provide additional resources to WEDC across its range of programs to assist businesses, communities, and organizations.

37. Also, AB 68/SB 111 would create a sum certain program revenue appropriation and provide \$390,000 PR annually from tribal gaming revenues for WEDC to establish, administer, and promote small business economic development programs benefiting American Indian tribes or bands in this state (Alternative 5).

38. AB 68/SB 111 would also require WEDC, during each year of the 2021-23 biennium, to award up to \$200,000 in grants to prospective cooperatives that would conduct feasibility studies (Alternative 6). WEDC would have to utilize funding from its existing resources for this study. WEDC would be required to consult with the Cooperative Network, which is a trade association for cooperatives in Minnesota and Wisconsin that provides educational resources, regulatory advocacy, and public awareness campaigns to assist cooperative businesses, when making awards. According to the Governor's Budget in Brief, feasibility study costs are one of the most frequently cited impediments to the formation of cooperatives.

39. As noted, subsequent to the introduction of AB 68/SB 111, ARPA provided for \$2.5 billion under the SFRF, of which the administration has announced that \$420 million will be used to provide grants to small businesses to help them recover from the adverse economic impacts of the pandemic. The Governor recommended providing additional state funding of \$238 million under AB

68/SB 111. Thus, federal funding has already been announced for programs similar in scope to, and in amounts exceeding, what was initially proposed under AB 68/SB 111. The Committee could decide that it is unnecessary to provide additional state funding for WEDC economic development programs at this time (Alternative 7).

40. The alternatives listed below identify each of the six proposals of AB 68/SB 111, which would provide state funding to small businesses in the state. The Committee could choose to fund any of the six items, provide different funding levels for any of them, or take no action.

**ALTERNATIVES**

1. Create a biennial appropriation and provide \$200,000,000 GPR in 2021-22 to assist small businesses in recovery from the COVID-19 pandemic. Require WEDC to aid in the state's economic recovery by providing financial assistance to small businesses adversely affected by the pandemic, including for the retention of current employees and the rehiring of former employees. Require WEDC to coordinate with DOR, to the extent necessary, to administrate the program.

<b>ALT 1</b>	<b>Change to Base</b>
GPR	\$200,000,000

2. Increase WEDC's GPR operations and programs sum sufficient appropriation by \$8,000,000 in 2021-22, and require WEDC to expend up to that amount in 2021-22, to fund organizations focused on local or regional economic development for the purpose of assisting businesses and nonprofit organizations in their recovery from the COVID-19 global pandemic. Further, specify that the limits on expenditures from WEDC's GPR operations and programs sum sufficient appropriation do not apply to this funding.

<b>ALT 2</b>	<b>Change to Base</b>
GPR	\$8,000,000

3. Increase WEDC's GPR sum sufficient operations and programs appropriation to provide grants, loans, and other assistance to underserved communities, including members of minority groups, women-owned businesses, and individuals and businesses in rural areas, by one of the following: (a) \$5,000,000 GPR in 2021-22; or (b) \$5,000,000 GPR annually. The statutory limit on WEDC's GPR sum sufficient appropriation, and the calculation for determining WEDC's GPR appropriation, would increase to reflect this additional funding level.

<b>ALT 3</b>	<b>Change to Base</b>
	GPR
a.	\$5,000,000
b.	\$10,000,000

4. Increase the expenditure authority under WEDC's GPR sum sufficient programs and operations appropriation by \$10,000,000 annually. The statutory limit on WEDC's GPR sum sufficient appropriation, and the calculation for determining WEDC's GPR appropriation, would increase to reflect this additional funding level.

<b>ALT 4</b>	<b>Change to Base</b>
GPR	\$20,000,000

5. Create a sum certain program revenue appropriation and provide \$390,000 PR annually from tribal gaming revenues for WEDC to establish, administer, and promote small business economic development programs benefiting American Indian tribes or bands in this state. Any unencumbered balance in this appropriation would, on June 30 of each year, revert to the Indian gaming receipts appropriation that would be created under the Department of Administration.

<b>ALT 3</b>	<b>Change to Base</b>
PR	\$780,000

6. Require WEDC to award up to \$200,000 during each year of the 2021-23 biennium to award grants for cooperative feasibility studies from its state appropriations for operations and programs. Require WEDC to consult with the Cooperative Network when making awards.

7. Take no action.

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