



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce

DATE: March 10, 2020
BILL NO: House Bill 1539
BILL TITLE: Grant Applications and Reporting - Uniform Forms and Requirements
COMMITTEE: House Health and Government Operations

Statement of Information

House Bill 1539 would establish a Council to study and make recommendations to the Governor's Grants Office and to the Board of Public Works regarding development of a uniform process for grant making. This process would include the development of a uniform application, uniform financial controls and reporting requirements and to the extent possible would be consistent with federal guidelines for grant awards, and ultimately to be completely in conformity with those federal guidelines. The bill also requires the appointment of a Chief Accountability Officer at each State grant-making agency and for the adoption of certain regulations. There is language allowing for an agency to apply for an exception to the requirements. The regulations for granting the exceptions would be established by the Board in consultation with the Council and the Governor's Grants Office.

Commerce's grants range from small grants to individuals and small organizations (such as grants to individual artists, arts organizations, small businesses that wish to expand their export market), to large economic development incentive grants that are structured initially as "conditional loans" or "conditional grants" that are able to be forgiven in whole or in part based on the accomplishment of certain economic development milestones such as job creation and retention and capital investment. The forgiven portion of a loan constitutes an award of a grant to the recipient.

The small grantees Commerce works with would likely not have the familiarity with or capacity to comply with the federal uniform guidelines, and neither the small grants made by the Department nor the larger economic development grants would be adaptable to fit the eligibility criteria or the performance measures set out in the uniform guidelines. The federal guidelines appear to be more appropriate to recipients of State grants that are accustomed to managing the requirements of federal grants, and that are carrying out services, or providing goods, on behalf of State residents. None of Commerce's grants are awarded for that purpose.

Should this legislation pass, Commerce would likely request an exception for its grant programs. Due to the fact that some of Commerce's budgeted grants vary by fiscal year, and new statutory grant programs may be enacted in the future, Commerce would require a blanket exception for all grants awarded by the Department of Commerce to cover these contingencies.