

SOUTH DAKOTA'S SMALL BUSINESS GRANT PROGRAM | FACT SHEET

On October 5, the legislature passed funding authority for Governor Noem's proposed \$400 million Small Business Grant Program, designed to provide direct grants to businesses negatively impacted by COVID-19. The application process is slated to begin on October 12, 2020 and end on October 23. Thousands of businesses are expected to apply during this two-week period, so it is extremely important that businesses are prepared for the application process.

We are working to ensure the application itself (*which is not yet available*) will be as simple as possible. The application will probably be **entirely online** – paper forms will not be accepted. We will have more information on how to apply and the process for assistance when it's available.

IN THE MEANTIME, HERE ARE A FEW ITEMS YOU SHOULD HAVE READY:

1. Your Taxpayer Identification Number (TIN) and legal business name used to register with the IRS. It will be very important that the official business name on your grant application matches your TIN. For example, if the name affiliated with your TIN is Joe Smith's Barber Shop, but you apply as Smith's Barber Shop, you may be rejected. **If you are unsure of this information, call the IRS at 1-800-829-4933 and request an IRS 147C Letter.**
2. Relevant business information for March through August 2020 and 2019 (profit and loss sheets, balance sheets, etc.).
3. The amount of any federal aid received (PPP or other COVID-related grants or loans).
4. Bank Routing and Account numbers (for depositing grant funds).

PROGRAM DETAILS:

\$400,000,000 in federal funds for grants up to \$100,000 (and no less than \$750) per qualifying business. Eligible businesses must be located in South Dakota; have a reduction in business of at least 25 percent; and not have gross revenues exceeding \$38.5 million.

GRANT AMOUNTS ARE BASED ON CASH FLOW FROM OPERATIONS MARCH THROUGH AUGUST:

- "2019 cash flow from operations" is 2019 income (March through August) minus 2019 cash expenses (March through August, excluding depreciation, amortization, and noncash expenses) minus term debt principal payments (March through August);
- "2020 cash flow from operations" is 2020 income (March through August) minus 2020 cash expenses (March through August, excluding depreciation, amortization, and noncash expenses) minus term debt principal payments (March through August);
- "Federal aid" is any Paycheck Protection Program (PPP) funds or other federal COVID funding received by the business in 2020; and
- "Reduction in business" is 2020 cash flow from operations minus 2019 cash flow from operations plus Federal aid.

ONCE ALL APPLICATIONS ARE RECEIVED:

Grants will be made based on a pro-rata share of available funds. After applying, we anticipate that application review will take about a month before funds will be dispersed. Because the number of applicants is unknown, it is important to complete an application if you have any desire to access available funds, **even if you don't think you qualify.**

DISPERSAL OF FUNDS:

All funds must be dispersed by December 30, 2020, so if there are limited applicants and funds remaining, the provisions of the program may be changed. That means **only businesses that have submitted applications by the deadline** would be eligible for additional funds, even if they were ineligible in the first round.