

SOUTH DAKOTA'S SMALL BUSINESS START-UP GRANT PROGRAM FACT SHEET

On October 5, the legislature passed funding authority for a \$10 million Small Business Start-Up Grant Program, designed to provide direct grants to new businesses negatively impacted by COVID-19. The application process is slated to begin on October 13, 2020 and end on October 30.

We are working to ensure the application itself (*which is not yet available*) will be as simple as possible. The application will be **entirely online** – paper forms will not be accepted. Once live, the application will be located at covid.sd.gov/smallbusiness-healthcare-grants.aspx.

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 (profit and loss sheets, balance sheets, etc.).
3. Bank Routing and Account numbers (for depositing grant funds).

PROGRAM DETAILS:

\$10,000,000 of the remaining unspent and unobligated coronavirus relief funds be used for a small business start-up grant program in accordance to the following provisions and in accordance with the CARES Act:

1. Grants up to \$500,000 per qualifying business
2. Each eligible business shall:
 - Be located in South Dakota
 - Registered with the Secretary of State or the Department of Revenue ***between September 1, 2019 and June 1, 2020***
 - Be open and operating on date of application
 - Demonstrate average monthly income during the period between March 1- August 31, 2020, was less than 120 percent of average monthly income prior to March 1, 2020; or that the business operated at a net loss (cash basis) in at least three of the six months between March 1, 2020- August 31, 2020
3. Grant amounts shall be up to twenty percent of the business's cash expenses (March through August, excluding depreciation, amortization, and noncash expenses) minus any "federal aid" which is defined as any Paycheck Protection Program (PPP) funds or other federal COVID grant funding received by the business in 2020

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.

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