

VERMONT EMERGENCY ECONOMIC RECOVERY GRANTS

The purpose of this document is to provide guidance to the Executive Branch, the Legislature, Agency/Department Partners, and Grant Recipients of the Emergency Recovery Grants as established by Act 115, Act 137 and per the federal CARES Act.

Federal CARES Act

The federal CARES Act (the Act) established the “Coronavirus Relief Fund” (CRF) and outlines the permitted uses of the fund in Section 5001 of the Act. The Act reads:

(d) Use of funds. —A State, Tribal government, and unit of local government shall use the funds provided under a payment made under this section to cover only those costs of the State, Tribal government, or unit of local government that—

- (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19);
- (2) were not accounted for in the budget most recently approved as of the date of enactment of this section for the State or government; and
- (3) were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

In addition to the language as established in the Act, the U.S. Department of Treasury released, and amended, [detailed guidance](#) and a [frequently asked questions document](#) on the use of funds. Based on both the Act and the subsequently released guidance, the Agency of Commerce and Community Development, and the Department of Taxes developed the following guidance.

EMERGENCY ECONOMIC RECOVERY GRANTS GUIDELINES AND ELIGIBILITY CRITERIA

Governor Scott signed into law [Act 115](#) on Friday, June 19, 2020, and on July 2, 2020 signed into law Act 137. These two pieces of legislation allocated \$152 million from the Federal Coronavirus Relief Fund to the Vermont Department of Taxes and the Agency of Commerce and Community Development to issue grants to eligible Vermont businesses and nonprofits that have suffered severe financial harm from the COVID-19 public health emergency.

- Businesses that are registered to collect Rooms and Meals Tax OR Sales and Use Tax who meet eligibility requirements will file an application with the Department of Taxes.
- All other nonpublic, private organizations that meet eligibility requirements will file an application with the Agency of Commerce and Community Development.

STANDARDS FOR ELIGIBLE USE OF GRANT FUNDS

In accordance with the U.S. Treasury Department Guidance and supplemental documents, state governments have the authority to utilize CRF monies for grants to small businesses to reimburse the cost of business interruption caused by required closures. Additionally, state governments have explicit discretion to determine what payments and grants are necessary for businesses, and tailor grant program uses to assist businesses in need because of interruption.

The Vermont Economic Recovery Grants are being issued to help provide economic support to businesses, which have been impacted by decreased customer demand due to the COVID-19 public health emergency. The funds can be used both to pay necessary expenditures that a business faces, and costs directly associated to a business's response to COVID-19.

APPLICATION PROCESS

Applicants will input their required information into an online application and submit the application. Businesses that file Meals and Rooms Taxes or Sales and Use Taxes will apply through the Department of Taxes existing portal. All others will apply through an Agency of Commerce and Community Development Portal. Upon time-stamped submission, that application will be put into the "review queue." Grants will be awarded on a first-come-first serve basis. Reviewers from the Agency of Commerce and Community Development, the Department of Financial Regulation and the Vermont Economic Development Authority will review all applications in the order in which they were submitted, cross checking data fields and verifying the required documentation to either approve, deny, or return to applicant for more information and/or correction.

AWARD FORMULA

The below award formula is the same for both the Agency of Commerce and Community Development Grants and the Department of Taxes Grants:

The amount of the grant will be derived by the following formula:

- Indicated/reported gross annual revenue (or annual combined total sales as reported on meals and rooms or sales and use tax returns) multiplied by 10 percent
- The maximum grant ceiling amount is \$50,000
- Each business or organization applicant may only receive one grant.

GRANT AWARD COMPLIANCE PROCEDURES

All applicants through the Agency of Commerce or Vermont Department of Taxes are required to certify on the online application for grant monies to the following statements to comply with the CARES act and state granting procedures. **Please note certification #5 is only required for nonprofit entities.*

- 1) I have the authority to request payment from the State of Vermont on behalf of the business submitting this application. I am requesting payment of the grant amount, determined by the Vermont Department of Taxes, equal to the lower of 10% of my 2019 total combined sales or \$50,000. This grant will be used to cover costs and lost revenues associated with the Coronavirus Disease 2019 (COVID-19) disaster, in accordance with section 601 of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, div. A, Title V (Mar. 27, 2020) (“section 601”).
- 2) I understand that the State of Vermont will rely on this certification as a material representation in making this grant award.
- 3) As required by federal law, the proposed uses of the funds provided will only be used to cover costs and provide economic support that—
 - a. Are necessary costs/lost revenues related to the COVID-19 public health emergency; and
 - b. Relates to necessary costs/lost revenues during the period from March 1, 2020 through December 30, 2020; and
 - c. Are not covered by other federal grants or federally forgiven loans that the business has received. For additional information on this requirement, please review the guidance on duplication of benefits on our website here.
- 4) To the best of my knowledge, as of the date that this Application is signed, neither the business nor the business’s principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in Federal programs, or programs supported in whole or in part by Federal funds. Entities that are suspended and/or debarred will have received a notification letter from the Federal Government. Information on suspension and debarment can be found here.
- 5) *This grant is funded with Federal dollars and is subject to the requirements of Single Audit found at 2 CFR §200 Subpart F.
- 6) I agree that the Department of Taxes may share the information on this application with other Vermont state agencies for the purpose of verifying my eligibility for this or another grant or stimulus payment related to the COVID-19 pandemic.
- 7) I agree that the business submitting this application must repay the grant or portion of the grant to the Department of Taxes if:

- a. Any grant funds received are based on incorrect representations made on this application or to the Department of Taxes related to this application; or
- b. Any grant funds are covered by other federal grants or federally forgiven loans received by the business. Please review the guidance on duplication of benefits on our website here for how this will be determined. I agree that the final determination of whether there has been a duplication of benefits will be made by the Department of Taxes.

AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT GRANTS

ELIGIBILITY CRITERIA

Eligible businesses must meet all of the below criteria in order to access Emergency Economic Recovery Grant Funds. The business:

- Is domiciled or has its primary place of business in Vermont
- Has one or more W-2 employees in Vermont
- Was open and active before February 15, 2020
- Is open at the time of application, or is closed due to the COVID-19 public health emergency but can certify to its intention to re-open when able to
- Is not a business or organization, nor a subsidiary of a business or organization, nor owned by a business or organization, that reported more than \$20,000,000 in total revenue
- Has experienced a 50 percent or greater drop in total revenue in any one-month period from March 1, 2020 to August 31, 2020, when compared with the same month in 2019
- Is not currently in Chapter 7 bankruptcy
- Is in good standing with the Vermont Department of Taxes¹
- Is in good standing with the Vermont Secretary of State
- Has not received a Vermont Emergency Economic Recovery Grant from any other State of Vermont Agency or Department

Eligible businesses will be required to provide the following information in their grant application:

- Vermont Account Identification Number (optional, used by the Vermont Department of Labor) **and** Federal Employer Identification Number (FEIN)
- The appropriate NAICS code for the applying company²

¹ "In good standing" for the purpose of grant application eligibility means: all required tax returns are filed and all taxes are paid, OR if a business owes any taxes that are past due, there is a documented and current payment plan in place. Any taxpayers who are not in good standing may be deemed ineligible for the grant.

² The [North American Industry Classification System \(NAICS\)](#) is used by the United States, Canada, and Mexico to classify businesses by industry. Each business determines its six-digit NAICS code number based on the majority of activity at the business. When you file your

- Information about any compensation an applying business has already received from insurance, PPP, EIDL, or any other federal grant program for economic damages incurred as a result of COVID-19

Applying businesses must provide PDF copies of ALL of the following documents in order for their application to be considered “complete”:

1. 2019 income statement in monthly intervals
2. 2020 income statement in monthly intervals
3. 2019 federal tax return (or Form 990 for organizations exempt from income taxation)
4. 2019 Vermont state tax return

DEPARTMENT OF TAXES GRANTS

ELIGIBILITY CRITERIA

Eligible businesses must meet all of the below criteria in order to access Emergency Economic Grant Funds. The business:

- Is domiciled or has its primary place of business in Vermont
- Has one or more W-2 employees in Vermont
- Is registered to collect and remit Vermont Meals and Rooms Tax or Sales and Use Tax with the Vermont Department of Taxes on a quarterly or monthly basis
- Had more than \$10,000 but less than \$20,000,000 in combined total sales (including exempt sales) as reported on sales and use and meals and rooms tax returns in calendar year 2019
- Has experienced, due to the COVID-19 public health emergency, a 50% or greater drop in combined total sales reported on meals and rooms tax and sales and use tax returns in any one-month period from March 1, 2020 to August 31, 2020, when compared to the same month in 2019.
- Is open for business at the time of application or is closed now due to the COVID-19 public health emergency but can certify to its intention to re-open when able.
- Has filed all required sales and use or meals and rooms tax returns through the May 31, 2020, period due on June 25, 2020.
- Is in good standing with the Vermont Department of Taxes.³
- Has not received a Vermont Economic Recovery Grant from any other State of Vermont Agency or Department.

federal income taxes, you provide a “business code” that is based on the NAICS number and the information for your business tax filing includes a table of those codes.

³ “In good standing” for the purpose of grant application eligibility means: all required tax returns are filed and all taxes are paid, OR if a business owes any taxes that are past due, there is a documented and current payment plan in place. Non-payment of February, March, April, or May period SUT/MRT taxes will NOT disqualify an applicant from receiving a grant. Any taxpayers who are otherwise not in good standing may be deemed ineligible for the grant.