

VERMONT EXPANDED EMERGENCY ECONOMIC RECOVERY GRANT PROGRAM

The purpose of this document is to outline the proposed grant terms of the Expanded Emergency Economic Recovery Grant Program to the Executive Branch, to the Legislature, to Agency/Department Partners, and to Grant Recipients. This program is an expansion of the Emergency Recovery Grants program established by Act 115, Act 137, amended by Act 154 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 154 on Friday, October 2, 2020. This piece of legislation allocated \$76.7 million from the Federal Coronavirus Relief Fund to the Agency of Commerce and Community Development (ACCD) to issue grants - in conjunction with the Vermont Department of Taxes (Tax) - to eligible Vermont businesses and nonprofits that have suffered severe financial harm from the COVID-19 public health emergency (Applicant’s).

- Organizations that received initial economic recovery grants via Tax should also apply for this round of grants via Tax. If the applicant has not already received a prior grant but is registered to remit Rooms and Meals Tax OR Sales and Use Tax and meets program eligibility requirements they should file an application with Tax. Applicants who have sales or revenue that are not

required to be reported on Sales and Use or Meals and Rooms tax returns will be encouraged to consider application through ACCD, as those additional sales or revenue will not factor into the unmet need calculation with Tax.

- All other nonpublic, private organizations that meet eligibility requirements will file an application with ACCD.

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 provide economic support to organizations, 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 and submit their applications via an online system. Organizations that file Meals and Rooms Taxes or Sales and Use Taxes, on a monthly or quarterly basis, will apply through Tax's existing portal. All others will apply through an ACCD portal. Applicants will have a two-week window in which to apply for the grant program. After the application window closes, no other applications will be accepted. Reviewers from ACCD, the Department of Financial Regulation, the Vermont Economic Development Authority, and the Regional Development Corporations will review all applications, cross checking data fields and verifying the required documentation to either approve, deny, or return to the applicant for more information and/or correction. Grants will be awarded based on the Applicant's unmet need and the available funds will be apportioned amongst the approved applications.

ELIGIBILITY CRITERIA

AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT GRANTS

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

- Is domiciled or has its primary place of business in Vermont
- 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
- Had annualized revenues of at least \$22,000 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 a remaining net un-met need (the “Net Un-Met Need”) after completing the calculations described in the Award Formula section below.

Applications will require that eligible businesses include the following information in their grant application:

- Federal Employer Identification Number (FEIN)
- The appropriate NAICS code for the applying company²
- Monthly financial results for 2019 and 2020
- Information about any compensation an applying business has already received from insurance, PPP, EIDL grant, or any other federal or state grant program for economic damages incurred as a result of COVID-19
- Entity type (non-profit, “C” Corp., “S” Corp., etc)
- 51%, or greater, minority-owned status
- 51%, or greater, women-owned status
- New business status (began operations after March 2019)
- Number of employees

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 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.

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
5. Completed unmet need calculator worksheet³

ELIGIBILITY CRITERIA

Department of Taxes Grants

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
- Is registered to collect and remit Vermont Meals and Rooms Tax or Sales and Use Tax with the Vermont Department of Taxes
- 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 September 30, 2020, period due on October 25, 2020.
- Is in good standing with the Vermont Department of Taxes.
- Has a remaining net un-met need (the “Net Un-Met Need) after completing the calculations described in the Award Formula section below.

AWARD FORMULA

The award formula described below will be the same for grants from both ACCD and the Tax:

The amount of the Applicant’s grant will be derived using the following formula:

- The calculation of an organization’s grant award will start with the calculation of the Applicant’s Net Un-Met Need. The Net Un-Met Need calculation begins with a calculation to test if an applicant had a revenue reduction in 2020 as a result of the COVID pandemic (a “Net Revenue

³ This calculator is provided as a convenience to approximate your unmet need for this program and is not a verified calculation of your unmet need or your grant award. You must apply to the Vermont Department of Taxes or Vermont Agency of Commerce and Community Development for verification of data and a calculation of your grant award. If you have any questions about the fields on the calculator, please contact the Department of Taxes. <https://tax.vermont.gov/coronavirus/grants/unmet-need>
RELEASED October 20, 2020
(Updated October 21, 2020 at 2:40pm)

Impact”). [Applicants must submit an unmet need calculator worksheet \(link: https://tax.vermont.gov/coronavirus/grants/unmet-need\)](https://tax.vermont.gov/coronavirus/grants/unmet-need) with their application.

This Net Revenue Impact test will be determined by calculating the difference between the organization’s revenues for the period from March through September in 2019 less the revenues received in March through September period in 2020. This calculation will provide the amount of net revenue impact for the organization. If the calculation shows that the applicant did not suffer a Net Revenue Impact decline in 2020 they will not be eligible for assistance.⁴

Tax applications will consider the difference in March through September 2020 total sales as reported on Sales and Use and Meals and Rooms tax returns compared to the March-September period for 2019.

- The applicant’s Un-Met Need is then calculated as the Net Revenue Impact less the sum of the financial assistance that the organization has already received (the “Total Benefits”).

Total Benefits will be the sum of; 1) any grants and loans received through the Federal Payroll Protection Program (PPP); 2) grants from the Economic Injury Disaster Loan (EIDL) program; 3) grants from the Vermont Sole Proprietor Stabilization Program; 4) business interruption insurance payments; 5) previous awards provided by the State of Vermont through its earlier Economic Recovery Grant program; and 7) the amount of other State and Federal CRF awards.

- The grant award will be calculated by multiplying the Un-Met Need by a factor that distributes the \$76 million appropriation across all of the applicants in both the ACCD and Department of Tax programs. The factor is calculated by taking the total amount available for granting and dividing it by the aggregated unmet need calculated for each applicant and factoring in a maximum grant ceiling amount of \$300,000, which shall include any previous grants or funds received from ACCD or Tax.

⁴ New Organizations: If an applicant’s organization opened after March 2019 and does not have the full March – September 2019 revenue history it may submit up to seven consecutive months of revenue in the period between April 1, 2019 to February 29, 2020 starting in the month the business opened. For example, if the organization opened in August of 2019, it would submit revenue for August 2019 – February 2020. The applicant’s un-met need will be determined using the seven-months of revenue compared to its March 1, 2020 – September 30, 2020 revenues. There may be organizations that will report less than seven months of revenue. For example, if they began operations in November 2019 they would have entered their revenues from November 2019 – February 2020 (4 months’ worth of revenue). Their net revenue impact will be determined by comparing this four-month period to a consecutive four-month period in the March 2020 – September 2020 timeframe.

GRANT AWARD CERTIFICATIONS

All applicants seeking assistance from the ACCD and Vermont Department of Taxes programs will be required to make the following certifications in order to ensure that they meet the award requirements including compliance with CARES Act and state granting procedures:

- 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 (ACCD/Tax), based on a portion of my business's unmet need but no more than \$300,000. This grant will be used to replace 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) As required by federal law, the proposed uses of the funds provided will only cover:
 - a. Lost revenues related to the COVID-19 public health emergency; and
 - b. Which occurred during the period beginning on March 1, 2020 and ending on December 30, 2020; and
 - c. Are not covered by other federal grants or loans that the business has received.
- 3) I will report on revenue losses, in a form and at a frequency prescribed by the State of Vermont and will cooperate with the State of Vermont in creating and retaining appropriate documentation to demonstrate that the proposed uses meet the requirements of section 601.
- 4) To the extent that actual demonstrated need is less than the total grant award amount, I agree to return amount by which the total grant award amount exceeds actual demonstrated need to the State of Vermont.
- 5) I must repay the grant or portion of the grant to the State of Vermont if: any grant funds received were issued in error; are based on incorrect representations made to the State of Vermont; or any demonstrated need forming the basis of a grant award under this program are covered by other federal grants or federally forgiven loans received by me. I agree that the final determination of whether there has been a duplication of benefits and the amount to be repaid, if any, will be made by the State of Vermont.
- 6) I will maintain and make available to the State of Vermont and/or United States Department of the Treasury, upon request, all documents and financial records sufficient to establish compliance with subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801(d)). Records must be maintained for 5 years after final payment is made using Coronavirus Relief Funds. Records to support compliance with subsection 601(d) may include, but are not limited to, copies of the following:

- a. General ledger and subsidiary ledgers used to account for (a) the receipt of Coronavirus Relief Fund payments and (b) the disbursements from such payments to meet eligible expenses related to the public health emergency due to COVID-19;
 - b. Income and Budget records for 2019 and 2020;
 - c. Contracts and subcontracts entered into using Coronavirus Relief Fund payments and all documents related to such contracts;
 - d. Grant agreements and grant subaward agreements entered into using Coronavirus Relief Fund payments and all documents related to such awards;
 - e. All documentation of reports, audits, and other monitoring of contractors, including subcontractors, and grant recipient and subrecipients;
 - f. All documentation supporting the performance outcomes of contracts, subcontracts, grant awards, and grant recipient subawards;
 - g. All internal and external email/electronic communications related to use of Coronavirus Relief Fund payments; and
 - h. All investigative files and inquiry reports involving Coronavirus Relief Fund payments.
- 7) To the best of my knowledge, as of the date that this Application is signed, neither Applicant nor Applicant'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 at <https://www.gsa.gov/policy-regulations/policy/acquisition-policy/office-of-acquisition-policy/gsa-acq-policy-integrity-workforce/suspension-debarment-division/suspension-debarment/frequently-asked-questions-suspension-debarment>
- 8) **(For nonprofit applicants only)** Applicant will complete the Subrecipient Annual Report annually within 45 days after its fiscal year end, informing the State of Vermont whether a Single Audit is required for the prior fiscal year. If a Single Audit is required, [PLACEHOLDER] will submit a copy of the audit report to the State of Vermont within 9 months. For fiscal years ending on or after December 25, 2015, a Single Audit is required if the subrecipient expends \$750,000 or more in Federal assistance during its fiscal year and must be conducted in accordance with 2 CFR Chapter I, Chapter II, Part 200, Subpart F.
- 9) Applicant will submit reports as required by the State of Vermont, Agency of Administration, and/or the Agency of Commerce and Community Development or Department of Taxes.
- 10) The Agency of Commerce and Community Development may share the information on this grant, the status of this application, and grants I have received and/or returned with other Vermont agencies, and other Vermont agencies can share information with the Agency of Commerce and Community Development for the purpose of verifying my eligibility for this or another grant or stimulus payment related to the COVID-19 pandemic or for the purpose of reporting on grant recipients.

- 11) All of Applicant's tax returns are completed and filed through the date of application filing.
- 12) Applicant complies with local, state and federal labor laws.
- 13) Applicant is in good standing with the Vermont Secretary of State.
- 14) I agree to forfeit and return to the State the full amount of this grant upon receipt of a written determination by the Secretary of the Agency of Commerce and Community Development finding I failed to comply with Executive Order 01-20 related to the March 13, 2020, State of Emergency and the health and safety guidance issued by the Department of Health and the Agency of Commerce and Community Development, including most notably, but not limited to, the Work Safe guidance and the Cross State Travel quarantine requirements, with emphasis on capacity restrictions, requirements for certificates of compliance from guests, and visitor log requirements.
- 15) Under the penalty of perjury, I certify that:
 1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
 2. The IRS has notified me that backup withholding applies;
 3. I am U.S. citizen or other U.S. person (defined in the instructions); and
 4. The FATCHA code(s) entered on this form (if any) indicating that I am exempt from FATCHA reporting is correct.
- 16) I attest, under penalty of perjury, that all information provided on this form is true and accurate. the State of Vermont will rely on this certification as a material representation in making this grant award. Further, I understand that intentional misrepresentation of information is fraud and may subject me to disqualification from receiving further benefits, administrative penalties, and criminal prosecution.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

By typing my name into the box below, I hereby agree that this action constitutes my electronic signature.

Attested by (must be business owner or principal, a U.S. person)