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Answers will be added as new questions are asked, so please check back.



Small Business Relief Grant Program: Frequently Asked Questions

Eligibility

What are the eligibility requirements?

To be eligible at this time, applicants must:

- Have been adversely economically injured due to the COVID-19 public health emergency in one or more of the following ways:
 - o Required to close or restrict operations or capacity by an Executive Order;
 - o Indirectly impacted by a required closure or significant restriction of a client or customer; or
 - o Experienced decreased consumer demand as a result of the pandemic.
- Demonstrate that they have a COVID-related net financial need of \$5,000 or greater.
- Have gross receipts or sales not exceeding \$1 million in 2020.
- Not be in one of the following ineligible industries: elementary or secondary schools; child care providers; institutions of higher education; landlords/real estate companies; public or private foundations; and government-owned entities or elected official offices.
- Be a for-profit business. This includes Sole Proprietorships, Partnerships (LPs and LLPs), C Corporations, S Corporations, B Corporations, Cooperatives, and Limited Liability Companies (LLCs). Non-profits are not eligible at this time.
- Have annual business revenue of at least 20% of total annual income (sole proprietors only).
- Have been an established business in the state of Rhode Island prior to 1/1/21.
- Not be engaged in any activity that is illegal under Federal, State, or Local law are ineligible.
- Have a physical presence in Rhode Island.
- Be a viable business that is not permanently closed (meaning it is either open or temporarily closed).
- Not be on the federal "Do Not Pay" list (<https://donotpay.treasury.gov>).
- Not be in or planning to enter federal bankruptcy or state receivership.
- Not be owned by a nationally or regionally owned franchise. While nationally owned chain businesses are not eligible to apply, a business that is part of a regional or national franchise that includes franchisees with locations outside of Rhode Island, may apply **unless** the business is owned by a regional or national franchisor or chain OR is owned by an entity that is not headquartered in Rhode Island.

How do I demonstrate my net COVID-related financial need is over \$5,000?

Applicants will complete an interactive calculator as part of the application to walk them through this calculation. Businesses will demonstrate net financial need using one of three formulas based on the

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year the business was formed. The net financial need calculation shows that you were adversely economically injured by the COVID-19 pandemic and whether you have a \$5,000 or greater unmet need for 2020.

For businesses that began operating before January 1, 2019, here's how to calculate this:

- 2019 Gross Receipts: _____(A)
- 2020 Gross Receipts: _____(B)
- 2020 COVID Assistance: _____(C)
- **Net financial need:** _____ **Subtract A minus B minus C**

If your net financial need exceeds \$5,000, you meet the eligibility requirement.

If your net financial need is less than \$5,000, you may also add your COVID-related increased costs or expenses. Please do not complete this section if you have already met the net financial need requirement.

- 2020 COVID-related costs: _____(D)
- **Net financial need:** _____ **A minus B minus C plus D**

For businesses that began operating between January 1, 2019 and December 31, 2019, here's how to calculate this:

- Months in operation in 2019: _____(A)
- 2019 Gross Receipts: _____(B)
- Annualized 2019 Gross Receipts: _____(C: B divided by A times 12)
- 2020 Gross Receipts: _____(D)
- 2020 COVID Assistance: _____(E)
- **Net financial need:** _____ **Subtract C minus D minus E**

If your net financial need exceeds \$5,000, you meet the eligibility requirement.

If your net financial need is less than \$5,000, you may also add your COVID-related increased costs or expenses. Please do not complete this section if you have already met the net financial need requirement.

- 2020 COVID-related costs: _____(F)
- **Net financial need:** _____ **Subtract C minus D minus E plus F**

For businesses that began operating on or after January 1, 2020, here's how to calculate this:

- 2020 Operating Expenses: _____(A)
- 2020 Gross Receipts: _____(B)
- 2020 COVID Assistance: _____(C)
- **Net financial need:** _____ **Subtract A minus B minus C**

If your net financial need exceeds \$5,000, you meet the eligibility requirement.

What are expenses that the grant funding can and cannot be used for?

Grant funds may be used flexibly to pay for costs incurred between March 1, 2020 and December 31, 2021 which consist of:

- Wages and/or salaries of employees to avoid furloughs or layoffs;

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- Operational costs incurred to enable the business to remain open through the state of emergency; or
- Facilitating the reopening of the business if the business was unable to remain open for a portion of the state of emergency.

Funds may not be used:

- To pay a distribution to a shareholder, member, partner or any other class of equity holder;
- To pay taxes or other amounts owed to government entities;
- To pay non-business expenses;
- For political purposes, including lobbying activities, donating to a political party, candidate, political action committee or to support or oppose any cause;
- To pay expenses for which the applicant has or will receive reimbursement from another source including other government grant or loan programs, unemployment or insurance coverage; or
- To pay for renovations (unless the expenses are necessary to comply with COVID guidelines).

If a business has more than one location, can it receive more than one grant?

Not at this time.

What if I received COVID-related assistance in 2021 for expenses incurred in 2020?

Please include all COVID-related financial assistance covering costs or expenses through 2020 in your application. (Note: this may include financial assistance received in 2021 if it covered costs or expenses incurred in 2020.)

Are sole proprietors eligible?

Yes. Sole proprietors who file a Schedule C are eligible so long as at least 20% of their annual income comes from the business' revenue.

Are seasonal businesses eligible?

Yes. Seasonal businesses are eligible.

Am I eligible to apply if I received a PPP loan, a Restore RI grant, a Pause grant, or other state/federal funding?

Yes, as long as the business is otherwise eligible and does not use grant funds to cover a cost that has been paid for by another funding source. All Rhode Island businesses are encouraged to apply for PPP.

Is there a limit on the number of employees?

No. Any small business can apply as long as they meet the other eligibility requirements, including the cap of \$1 million on 2020 gross receipts.

Are non-profits eligible to apply?

At this time, non-profits are not eligible to apply. Non-profits may be eligible for other programs such as the federal Paycheck Protection Program (PPP). For more information, please [click here](#).

Can new businesses apply?

Yes, as long as the business was established in the state of Rhode Island prior to 1/1/21.

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If my business is part of a regional or national franchise, am I eligible?

In order to be eligible, the applicant business must not be owned by the national or regional franchisor or chain OR be owned by an entity that is not headquartered in Rhode Island.

Ex. of Eligible Business: A restaurant is a franchisee of a national chain, but the owner is a Rhode Island business entity not the national franchisor.

Ex. of Ineligible Business: A gym is part of a regional franchise and is owned by a business entity headquartered outside of Rhode Island.

Do I have to be an American citizen for my business to be eligible?

No; however, the applicant that will receive the grant funding must have a valid federal taxpayer identification number [[irs.gov](https://www.irs.gov)] (TIN).

How do you define 2020 operating expenses (for businesses that begin on or after 1/1/20 only)?

2020 operating expenses may include any operating business expenses incurred in 2020 except for those listed as ineligible. Ineligible uses of funds are described above.

What does it mean to have established your business in Rhode Island prior to 1/1/21?

Examples of ways to demonstrate this include (1) registered with the RI Division of Taxation, (2) registering with a municipality, or (3) registering to do business in the state with the RI Secretary of State's office. Note: Commerce and the State reserve the right to request additional documentation to demonstrate that a business meets this criteria.

What if my business has been closed since the beginning of the pandemic; am I eligible to apply?

As long as your business was established before 1/1/21, is not permanently closed, and plans to pay taxes for 2020, you are eligible to apply for the Relief Grant.

Am I eligible to apply twice if I own two businesses?

Yes. If you own two business entities, you can apply separately for each entity.

Are child care businesses eligible?

No. However, child care businesses are eligible for funding under the Child Care Assistance Program, operated by Rhode Island's Department of Human Services. For more information, please [click here](#).

Are landlords, real estate businesses, or real estate agents eligible?

No, landlord and real estate businesses are ineligible for this grant program. Ineligible real estate/landlord businesses include residential real estate agents, real estate brokers, and realtors as well as those businesses that are passive or speculative. Examples include:

- Passive businesses owned by developers and landlords.
- Businesses primarily engaged in subdividing real property into lots and developing it for resale on its own account or selling lots.
- Businesses that are primarily engaged in owning or purchasing real estate and leasing it for any purpose. For example, shopping centers and similar business models that generate income by renting space to accommodate independent businesses that provide services directly to the public, residential facilities, apartment buildings/complexes and mobile home parks.

Last updated 5/5/21 9:00am

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- Businesses whose primary purpose is to lease land for the installation of a cell phone tower, solar panels, billboards, or wind turbines.
- Businesses that have entered into a management agreement with a third party that gives the management company sole discretion to manage the operations of the business, including control over the employees, the finances and the bank accounts of the business, with no involvement by the owner(s) of the Applicant business,
- Speculative real estate businesses which include, among others:
 - Building homes for future sale; and
 - House flipping or similar business models related to the purchase, rehabilitation and resale of real estate.

This does not include general contractors, construction companies and similar businesses involved in the construction or manufacturing of infrastructure or buildings on property that are not primarily engaged in speculative real estate businesses.

I think I should be eligible but I'm not—is there an appeals process?

If you would like to provide feedback or suggest alterations on this program, please email us at info@commerceri.com.

General

Are these grants taxable?

The IRS has published information [[irs.gov](https://www.irs.gov)] indicating that “receipt of a government grant by a business is generally not excluded from the business’s gross income under the Federal Tax Code and therefore is taxable.” Please consult your accountant or tax professional to understand more about your particular tax situation and how this guidance applies.

If my business or organization receives an award, will my business or organization name, address, and award amount be made public?

Yes. The federal funding used for these grant awards requires the public disclosure of business names, addresses, and award amounts. If a business does not want this information to be made public, it should not submit the Grant Application.

When can I expect to hear back?

If you don't hear from us within 7 business days of submitting your application, please contact the Commerce help desk by emailing info@commerceri.com or calling (401) 521-HELP.

Please keep an eye on your inbox for emails from our partner, the Community Reinvestment Fund (CRF). If we have questions while processing your application, a reviewer from CRF will contact you by email. Emails will come from addresses ending in @crfusa.com.

How soon do the funds start flowing? When will I receive my funding?

Applicants who submit a completed application will receive confirmation of receipt of their application immediately. If the grant processors have any questions, they will reach out within 7 business days. We expect the vast majority of applicants will have their checks mailed within 3 weeks of application submittal.

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How will grant awards be delivered?

Grant awards will be mailed to the mailing address included in the application. Please make sure the addresses used to apply are accurate to ensure timely delivery of payment.

What other funding sources are available? Is it too late to apply for PPP?

The Paycheck Protection Program (PPP) is currently offering loans until May 31. RI Commerce has contracted with Technical Assistance providers to support businesses in applying for PPP or PPP loan forgiveness. For more information on this and other programs, please [click here](#).