

Framework for Small Business Grants in South Dakota

- Fund approximately \$200-400 million to Small Business Grant program from federal Coronavirus Relief Funds
 - Final amount depends on other demands on CRF and whether Congress approves an extension to 12/30/20 deadline for CRF expenditures
- Grants of up to \$100,000 per qualifying business
- Eligible businesses must:
 - Be located in South Dakota
 - Have had at least \$50,000 in gross revenue in 2019
 - Have had a reduction in business (as defined below) of at least 25%
- Grant amounts will be based upon “reduction in business” which is calculated as follows:
 - “2019 net” is gross revenue, minus gross expenses, for March-April-May 2019
 - “2020 net” is gross revenue, minus gross expenses, for March-April-May 2020
 - “Federal aid” is any PPP funds or other federal COVID funding received by the business in 2020
 - “Reduction in business” is 2020 net, minus 2019 net, plus federal aid
- Example:
 - In March-April-May 2019, XYZ Corp. had \$1,000,000 in gross revenue and \$750,000 in gross expenses. 2019 net is \$250,000
 - In March-April-May 2020, XYZ Corp. had \$750,000 in gross revenue and \$650,000 in gross expenses. 2020 net is \$100,000
 - XYZ Corp. accepted \$50,000 in federal PPP loans
 - $\$100,000$ (2020 net) - $\$250,000$ (2019 net) + $\$50,000$ (federal loan) = $-\$100,000$ (reduction in business)
 - $-\$100,000$ (reduction in business) / $\$250,000$ (2019 net) = -40% (percentage loss)
- Applications proposed to open on October 12 and close on October 23.
- Once all applications are received, grant awards will be based on a pro-rata share of available funds
 - For example, if there are \$2 billion in eligible reductions in business, and \$200 million in available grant funds, grants will be 10% of eligible reductions in business
- Following the initial award period, a second allocation of funds to applicants would be considered if additional funds are available.
- Under current federal law, all funds must be expended by 12/30/20.