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Connecticut CARES Small Business Grant Program Created to Help Small Businesses and Non-Profits Recover from Challenges of COVID-19 Pandemic

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by Joshua S. Cole

Governor Ned Lamont recently announced the creation of the \$50 million Connecticut CARES Small Business Grant Program (the “CT Cares Grant Program”) to assist eligible small businesses and non-profits recover from the ongoing economic difficulties resulting from the COVID-19 pandemic.

The CT Cares Grant Program will be administered by the Connecticut Department of Economic and Community Development (DECD) and will provide eligible small businesses and non-profits with a one-time grant of \$5,000 which does not have to be repaid.

DECD has estimated that it will begin accepting online applications during the week of November 9, 2020 and all grants under the CT Cares Grant Program will be disbursed to approved applicants no later than December 30, 2020.

Details on the online application process will be coming soon from DECD and applicants are encouraged to check back on the DECD website for updates at: <https://portal.ct.gov/DECD/Content/Coronavirus-Business-Recovery/CT-CARES-Small-Business-Grant-Program>

Here are the details of the CT Cares Grant Program as announced by Governor Lamont on October 20, 2020:

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What businesses are eligible?

- Businesses must have no more than 20 full time employees in 2019 across all of their Connecticut locations, or have total 2019 payroll of less than \$1.5 million (annualized). Full time employees and payroll include affiliated companies
- Businesses must be able to demonstrate a 20% or more loss in revenue year to date as of September 30, 2020 compared to the same period in 2019
- Businesses must have been established by October 1, 2019 and still be active (as verified by the CT Department of Revenue Services (DRS))
- Home-based businesses and sole proprietors **are** eligible
- Eligible entities include (i) for-profit businesses that use any type of incorporation, and (ii) 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7), and 501(c)(19) non-profit organizations
- Business must remain a viable business, be planning to reopen, and be planning to rehire any workers let go due to COVID-19 as business conditions recover, and have a material financial need that cannot be overcome without the grant of emergency relief funds
- Business must be in good tax standing with DRS or current on a payment plan or consent to use a portion and/or all of their grant money to remedy the delinquency

What businesses are not eligible?

- Businesses in which the majority of revenue is earned from any of the following activities: (i) liquor stores and alcohol distributors, (ii) adult entertainment such as strip clubs, (iii) vape retailers, (iv) tobacco shops and smoking lounges, (v) gambling, (vi) gun stores and gun ranges, (vii) cash advance, check cashing or pawn shops, (viii) bail bonds, (ix) collection agencies or services, and (x) auction or bankruptcy or fire or “lost our lease” or “going out of business” or similar sale
- Business establishments that are 50% or more owned by another establishment such that the full time employee (FTE) count for the umbrella establishment (when counting the FTEs of all subsidiaries in which the umbrella establishment has 50% or more stakes) is more than 500. By way of example, this would include non-franchised outlets of major national food and retail chains
- Businesses and non-profit entities **may not** participate in the CT Cares Grant Program if they received another assistance grant from State of Connecticut Coronavirus Relief Fund funds

What can the grants be used for?

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- payroll
- rent payments/mortgage payments
- utility payments
- purchase of inventory
- purchase of machinery and/or equipment
- costs associated to ensure compliance with CT Reopen Business Sector Rules

Is there anything else I need to know?

- \$25 million earmarked for businesses/non-profits located in “distressed municipalities” (identified as Ansonia, Bridgeport, Bristol, Chaplin, Derby, East Hartford, East Haven, Griswold, Hartford, Meriden, Montville, New Britain, New Haven, New London, Norwich, Preston, Putnam, Sprague, Stratford, Torrington, Voluntown, Waterbury, West Haven, Winchester and Windham)
- \$25 million earmarked for businesses/non-profits located outside of “distressed municipalities”
- Applicants will only be allowed a single grant regardless of multiple business locations

We will continue to monitor this new grant program and any additional guidance received from DECD.

Pullman & Comley has experienced and knowledgeable corporate and finance professionals working hard to assist their clients during these unprecedented and uncertain times. For specific guidance or more information, or if you are a small business owner or non-profit looking to apply for a grant under the Connecticut CARES Small Business Grant Program, please contact us.

For more information on the Connecticut CARES Small Business Grant Program and other guidance concerning the impacts of the COVID-19 crisis, please visit <https://www.pullcom.com/newsroom-publications-FOCUS-Responding-to-COVID-19>.

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