

NEWS ALERT

TAX AND BUSINESS GROUPS



Connecticut Announces Small Business/Nonprofit Grant Program

By Marc T. Finer | November 18, 2020

The Connecticut Department of Economic and Community Development recently announced a \$50 million [CT CARES Small Business Grant Program](#) to assist Connecticut small businesses and nonprofits in recovering from the ongoing economic challenges created by the COVID-19 pandemic. Eligible businesses and nonprofits can receive a one-time \$5,000 grant and all funds will be disbursed to approved applicants by December 30, 2020.

Eligibility requirements for a grant, eligibility exclusions and eligible expenses are as follows:

Eligibility

- Business/nonprofit must have no more than 20 total full-time employees (“FTEs”) in 2019 across all of their Connecticut locations, or have total 2019 payroll of less than \$1.5 million (annualized).
- Business/nonprofit must be able to demonstrate a 20% or more loss in revenue year to date as of September 30, 2020 compared with the same period in 2019. This can be accomplished, for example, by comparing the first 3 fiscal quarters of 2019 to 2020 revenues.
- Business/nonprofit must have been established by October 1, 2019 and still be active (as verified by DRS).
- Home-based businesses are eligible.
- Eligible entities: for-profit businesses that use any type of incorporation, as well as Internal Revenue Code Sections 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7), and 501(c)(19) nonprofit 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/nonprofit must be in good tax standing with DRS or current on a payment plan.
- Sole proprietorships are eligible.
- Those who already received federal CARES Act, Paycheck Protection Program (“PPP”), Economic Injury Disaster Loan or Connecticut Recovery Bridge Loan assistance are eligible, but the grant cannot be used for the same expenses incurred or expected to occur between March 1, 2020 through December 30, 2020. For example, if a business used PPP loan proceeds to pay June and July 2020 rent, the business cannot use the CT CARES Small Business grant for those same months of rent but could use the grant to pay rent/expenses for October and November 2020.
- Craft breweries are eligible.

Eligibility Exclusions

- Businesses in which more than 50% of the revenue is earned from the following activities are ineligible for a grant:
Medical marijuana; liquor stores and alcohol distributors; adult businesses such as strip clubs; vape retailers; tobacco shops and smoking lounges; businesses having to do with gambling; gun stores and ranges; cash advance, check cashing, or pawn shops; bail bonds; collection agencies or services; and 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 FTE count for the umbrella establishment (when counting the FTEs of all subsidiaries in which the umbrella establishment has 50%+ stakes) is more than 500. For example, this would include non-franchised outlets of major national food and retail chains.
- Arts/cultural organizations that have already applied for CARES Act grants.

Eligible Expenses

The following eligible expenses must equal at least \$5,000 to qualify for the grant:

- Payroll
- Rent/Mortgage
- Utilities
- Inventory
- Purchase of Machinery and/or Equipment
- Cost associated to ensure compliance with CT Reopen Business Sector Rules

*If you have any questions regarding the CT Cares Small Business/Nonprofit Grant Program, please contact:
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