

## Maine Economic Recovery Grant Program

**MAINE'S PATH TO RECOVERY:** In addition to the threat to public health, the COVID-19 pandemic has fundamentally changed the global business environment, causing severe supply-chain disruptions, reduced consumer spending, and unprecedented losses that are felt across all sectors. U.S. industries are no exception, with hospitality, tourism, retail, restaurants and bars, entertainment, manufacturing and countless others facing a host of new challenges and barriers that disrupt operations and impede growth. Here in Maine, the closure of the Canadian border, the stoppage of cruise ships, and reluctance of people to travel have impacted our economy, from agriculture to fisheries, to retail, recreation and hospitality sectors.

The State of Maine plans to use CARES Act relief funding to help our economy recover from the impacts of the global pandemic by supporting Maine-based businesses and non-profit organizations through an Economic Recovery Grant Program. The funding originates from the federal Coronavirus Relief Fund and will be awarded in the form of grants to directly alleviate the disruption of operations suffered by Maine's small businesses and non-profits as a result of the COVID-19 pandemic. The Maine Department of Economic & Community Development has been working closely with affected Maine organizations since the beginning of this crisis and has gathered feedback from all sectors on the current challenges.

Many Maine businesses and non-profits have not been able to access existing sources of relief funding and have "fallen through the cracks" and need help in order to remain viable. Some of these businesses are from sectors hardest hit from the global pandemic, including those who remained closed for longer periods of time, businesses that have not yet re-opened, businesses that rely on seasonal cash flows, and businesses with decreased revenues due to declines in consumer spending or declining global markets. This program is not meant to be exclusive and acknowledges that nearly every industry sector in Maine has experienced a decrease in revenue. In addition, the program is governed by Federal CARES Act requirements and the State cannot expand eligibility to organizations excluded in the Federal legislation.

The money available for these grants cannot wholly replace or repair the economic damage this pandemic has caused. Our narrow mission is to ensure that each dollar has at least a small, direct impact on supporting Maine businesses, Maine non-profit organizations, and Maine's economy.

**PROGRAM GOALS:** This program provides grants for businesses and non-profit organizations that demonstrate a need for financial relief based on lost revenues or expenses related to the disruption of business operations caused by the COVID-19 pandemic. Grants will be distributed

based on a business's/organization's demonstrated losses as a pro-rated percentage of the total losses reported by qualified applicants.

The program is not intended to replace lost profits but only to help businesses remain viable as a bridge to economic recovery. This program is intended to assist in the stabilization of Maine's economy and accelerate the transition from short-term relief to regaining our state's focus on Maine's 10-year Economic Development Strategy, anchored in talent and innovation.

## Enclosure 1:

### **Eligibility Criteria:**

The Maine Economic Recovery Grant Program is intended to assist in covering losses incurred as a direct result of the COVID-19 pandemic and related public health response.

Businesses/organizations will be liable for any misuse of funds. The grants are taxable income and subject to audit.

- Suggested business/organization expenses may include but are not limited to:
  - Payroll costs and expenses;
  - Rent or mortgage payments for business facilities (unless otherwise waived by lessor/lender);
  - Utilities payments;
  - Purchase of personal protective equipment required by the business/organization;
  - Business related equipment;
  - Investments that will support your business's/organization's long-term sustainment;
  - Expenses incurred to replenish inventory or other necessary re-opening expenses; and
  - Necessary operating expenses.
- Examples of unallowable expenses include (list is not all-inclusive):
  - Depreciation expense
  - Entertainment
  - Lobbying
  - Goods and Services for Personal Use
  - Fines, Penalties, Damages and other Settlements
- Funds must be spent on operations that are strictly within Maine.
- This grant is considered reportable income; therefore, funding received from this grant must be included with reportable income at tax time. For applicable businesses, a Form 1099 will accompany any awarded grant monies.

### **To qualify for a Maine Economic Recovery Grant your business/organization must:**

- Demonstrate a need for financial relief based on lost revenues or expenses incurred since March 1, 2020 due to COVID-19 impacts or related public health response;
- Demonstrate an expected 20% loss in revenue minus expenses for 2020 due to COVID-19 when compared to the business's/organization's last tax filing;
- Be a for-profit business or non-profit organization, except:
  - Professional Services with NAICS Codes starting in 5411 or 5412
  - 501(c)(4), 501(c)(6)

- K-12 schools, including charter, public and private, institutions of higher education
  - Municipalities, municipal subdivisions, and other government agencies
  - Foundations and charitable trusts
  - Trade associations
  - Credit unions
  - Insurance trusts
  - Scholarship funds and programs
  - Gambling
  - Adult Entertainment
  - Country clubs, golf clubs, other private clubs
  - Cemetery trusts and associations
  - Fraternal orders
  - Hospitals and nursing facilities<sup>1</sup>
- Have significant operations in Maine (business/organization headquartered in Maine or have a minimum of 50% of employees and contract employees based in Maine);
  - Be current and in good standing with all Maine State payroll taxes, sales taxes, and state income taxes (as applicable) through July 31, 2020;
  - \* **Be a Business/Organization Incorporated or Purchased before March 31, 2020;**
  - Be in good standing with the Maine Department of Labor;
  - Not be in bankruptcy;
  - Not have permanently ceased all operations;
  - Be in consistent compliance and not be under any current or past enforcement action with COVID-19 Prevention Checklist Requirements (<https://www.maine.gov/decd/covid-19-prevention-checklists>); and
  - \*Employ a combined total of 250 or fewer employees and contract employees throughout 2020.
    - If, for a period greater than two weeks within 2020, your business/organization exceeded 250 employees and contract employees then your business/organization is not eligible. For the purposes of this calculation, count 1 employee or contract employee if they are employed, on average, at least 30 hours of service per week or 130 hours of service per month. Count 0.5 for each part-time employee who is employed, on average, less than this).

\*If awarded funds as part of Phase 1 of the Maine Economic Recovery Grant Program, your business/organization is ineligible for Phase 2.

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<sup>1</sup> Alternate funding available through the Department of Health and Human Services for hospitals and nursing facilities.

For non-profit organizations: Only organizations that file Form 990 or Form 990-EZ are eligible to apply.

A group of affiliated entities should only submit one grant application. Please coordinate with other affiliated entities prior to submitting an application.

For purposes of the Maine Economic Recovery Grant, your business/organization is considered affiliated with any other business/organization that:

1. Has the same Federal Taxpayer Identification Number (including Social Security Number)
2. Has the same corporate parent or grandparent
3. Is majority owned (more than 50%) by the same owner or group of owners

**\*New Expanded Eligibility in Phase Two**

## Enclosure 2:

### **What you will need to complete this application:**

You will need the following information about your business/organization (and all affiliated businesses/organizations) before you begin your Maine Economic Recovery Grant application:

- Federal Employer Identification Number or Social Security Number
- Type of business/organization (non-profit or for-profit)
- Data Universal Number System (DUNS) number. To set-up or verify a DUNS number, visit <https://www.grants.gov/applicants/organization-registration/step-1-obtain-duns-number.html>.
  - A DUNS number is required to receive grant funds and is part of the application.
- Principal office address
- “Doing business as” (DBA) name
- Applicant address and other contact information
- For businesses: Ownership percentage of each individual owner with greater than 25% equity
- For sole proprietors: Total amount of unemployment compensation benefits received March 1, 2020 – August 31, 2020
- Documentation of any other monies awarded through federal grants or loans by the CARES Act
- 2017, 2018, and 2019 revenue, expenses, and depreciation (as applicable)
- 2020 anticipated revenue and expenses excluding depreciation, taking into account the impact of the COVID-19 pandemic on revenue and expenses
- An estimate and justification of the percent (%) of 2020 loss in income that directly is connected to a disruption of operations due to the COVID-19 pandemic or related public health response
- A prepared, electronic W-9 in the event your business/organization is selected for a grant (<https://www.irs.gov/pub/irs-pdf/fw9.pdf>)

### **Distribution Criteria and Formula**

Maine Economic Recovery Grants will be distributed based on a business’s/organization’s demonstrated January – August 2020 losses due to COVID-19 as a pro-rated percentage of the total losses due to COVID-19 reported by all qualified applicants for the same time period. All grant amounts are subject to review and adjustment pending applicant volume and magnitude of reported losses. Depreciation is excluded from expenses.

- The Distribution formula is available upon request
- The maximum grant size is \$100,000