

GRANT PROGRAM FOR SMALL BUSINESSES

2021 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kirk A. Cullimore

House Sponsor: _____

LONG TITLE

General Description:

This bill creates a grant program for small businesses that continue to be impacted by the COVID-19 health emergency.

Highlighted Provisions:

This bill:

- ▶ provides state financial aid to Utah small businesses for continued industry losses;
- ▶ creates a targeted small business grant program for business entities with continued revenue declines due to the COVID-19 pandemic;
- ▶ grants rulemaking authority to the Governor's Office of Economic Development to administer the grant programs;
- ▶ requires the Governor's Office of Economic Development to report information about the grant programs to certain committees of the Legislature; and
- ▶ provides for funding reallocation if necessary.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2022:

- ▶ to the Governor's Office of Economic Development -- Business Development -- Corporate Recruitment and Business Services, as a one-time appropriation:
 - from the General Fund, One-time, \$30,000,000.

Other Special Clauses:

None



28 **Utah Code Sections Affected:**

29 ENACTS:

30 **63N-3-601**, Utah Code Annotated 1953

31 **63N-3-602**, Utah Code Annotated 1953

32 **63N-3-603**, Utah Code Annotated 1953



34 *Be it enacted by the Legislature of the state of Utah:*

35 Section 1. Section **63N-3-601** is enacted to read:

36 **Part 6. Small Business Grant Program**

37 **63N-3-601. Creation of Small Business Grant Program -- Definitions.**

38 As used in this part:

39 (1) (a) "Business entity" means a business that:

40 (i) is a non-profit, for profit, or sole proprietorship;

41 (ii) was in operation in this state on January 1, 2021;

42 (iii) has 250 or fewer full-time equivalent employees;

43 (iv) has employees who report to a physical location in this state; and

44 (v) is properly registered with the Division of Corporations and Commercial Code.

45 (b) "Business entity" does not include a marketplace that connects travelers with

46 private property owners offering accommodation for compensation.

47 (2) "COVID-19" means:

48 (a) severe acute respiratory syndrome coronavirus 2; or

49 (b) the disease caused by severe acute respiratory syndrome coronavirus 2.

50 (3) "Legislative committee" means:

51 (a) the president of the Senate;

52 (b) the speaker of the House of Representatives;

53 (c) the minority leader of the Senate; and

54 (d) the minority leader of the House of Representatives.

55 (4) "Revenue decline" means the sum of the monthly revenue for the months of March

56 through June 2020 compared to the sum of the monthly revenue for the months of March

57 through June 2019.

58 (5) "Startup" means a business that began operations in this state on or after January 1,

59 2020, and can demonstrate, as required by the office, that the business has incurred expenses
60 and is operating at a net loss due to the public health emergency related to COVID-19.

61 Section 2. Section **63N-3-602** is enacted to read:

62 **63N-3-602. Program objective -- Eligibility -- Grant limits.**

63 (1) There is established a grant program known as the Small Business Grant Program
64 to be administered by the office in accordance with this part.

65 (2) The objective of the program is to provide state funding resources to businesses
66 statewide that continue to be most impacted by the public health emergency related to
67 COVID-19.

68 (3) To be eligible to apply for a grant under this part, a business entity shall:

69 (a) have experienced a decline in revenues due to the public health emergency related
70 to COVID-19; or

71 (b) be a startup business.

72 (4) The program may provide no more than three months of operational expenses,
73 including:

74 (a) rent;

75 (b) equipment and inventory costs;

76 (c) payroll;

77 (d) insurance; and

78 (e) any other expenses the office determines are related to the decline in business
79 revenues.

80 (5) The office shall establish processes and procedures for impacted and eligible
81 startup businesses to participate in the grant program.

82 Section 3. Section **63N-3-603** is enacted to read:

83 **63N-3-603. Duties of the office -- Funding reallocation.**

84 (1) As soon as is practicable, but on or before August 1, 2021, the office shall:

85 (a) establish an application process by which a business entity may apply for a grant
86 under this part, which application shall include:

87 (i) a declaration, signed under penalty of perjury, that the application is complete, true,
88 and correct; and

89 (ii) an acknowledgment that the business entity is subject to audit;

90 (b) establish a method for the office to determine which applicants are eligible to
91 receive a grant;

92 (c) establish a formula to award grant funds; and

93 (d) report the information described in Subsections (1)(a) through (c) to the director of
94 the Division of Finance.

95 (2) A scoring preference in the formula to award grant funds shall be given to
96 businesses that can demonstrate the inability to secure similar funding over the past 12 calendar
97 months.

98 (3) The office shall:

99 (a) participate in the presentation that the director of the Division of Finance provides
100 to the legislative committee under Section [63A-3-111](#); and

101 (b) consider any recommendations for adjustments to the grant program from the
102 legislative committee.

103 (4) Subject to appropriation, beginning on or before August 1, 2021, the office shall:

104 (a) collect applications for grant funds from business entities;

105 (b) determine which applicants meet the eligibility requirements for receiving a grant;

106 (c) award the grant funds after an initial application period that ends on or before
107 September 1, 2021; and

108 (d) if funds remain after the initial application period, continue to award grants on a
109 rolling basis until the earlier of funds being exhausted or December 31, 2021.

110 (5) (a) The office may audit a business entity to ensure that a business entity
111 experienced the revenue decline reported in the application.

112 (b) The office may recapture grant funds if, after audit, the office determines that a
113 business entity made representations to the office about the business entity's revenue decline
114 that are not complete, true, and correct.

115 (c) (i) A business entity that is subject to recapture shall pay to the Division of Finance
116 a penalty equal to the amount of the grant recaptured multiplied by the applicable income tax
117 rate in Section [59-7-104](#) or [59-10-104](#).

118 (ii) The Division of Finance shall deposit the penalty into the Education Fund.

119 (6) The office shall encourage any business entity that receives grant funds to commit
120 to following best practices to protect the health and safety of the business entity's employees

121 and customers.

122 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
123 office may make rules to administer the grant program.

124 (8) As part of any advertisement of the Small Business Grant Program, the office:

125 (a) shall encourage economically disadvantaged business entities, including
126 minority-owned and woman-owned business entities, that meet the eligibility requirements to
127 apply for grant funds; and

128 (b) may feature any business entity that:

129 (i) shows evidence of a commitment to following best practices to protect the health
130 and safety of the business entity's employees and customers; and

131 (ii) consents to being featured.

132 (9) The office shall provide a written report on the program to the Economic
133 Development and Workforce Services Interim Committee not later than November 1, 2021.

134 The report shall include:

135 (a) the number of applications submitted under the grant program;

136 (b) the number of grants awarded under the grant program;

137 (c) the aggregate amount of grant funds awarded under the grant program; and

138 (d) any other information the office considers relevant to evaluating the success of the
139 grant program.

140 (10) Under the direction of the state's economic response task force, the Governor's
141 Office of Economic Development, and in consultation with the Legislative Committee,
142 remaining grant program funding may be reallocated to provide other COVID-19 pandemic
143 responses and support if needed.

144 **Section 4. Appropriation.**

145 The following sums of money are appropriated for the fiscal year beginning July 1,
146 2021, and ending June 30, 2022. These are additions to amounts previously appropriated for
147 fiscal year 2022. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures
148 Act, the Legislature appropriates the following sums of money from the funds or accounts
149 indicated for the use and support of the government of the state of Utah.

150 ITEM 1

151 To Governor's Office of Economic Development -- Business Development

152	<u>From General Fund, One-time</u>	<u>\$30,000,000</u>
153	<u>Schedule of Programs</u>	
154	<u>Corporate Recruitment and Business Services</u>	<u>\$30,000,000</u>

155 The Legislature intends that:

156 (1) appropriations provided under this section be used for the Small Business Grant
157 Program created in Section [63N-3-602](#); and

158 (2) under Section [63J-1-603](#), appropriations provided under this section not lapse at the
159 close of fiscal year 2022, and the use of any nonlapsing funds is limited to the Small Business
160 Grant Program created in Section [63N-3-602](#).