

Senator Kirk A. Cullimore proposes the following substitute bill:

GRANT PROGRAM FOR SMALL BUSINESSES

2021 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kirk A. Cullimore

House Sponsor: Robert M. Spendlove

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.



26 **Other Special Clauses:**

27 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 a consecutive four month

56 period during 2019 compared to the same consecutive four month period in 2020.

57 (5) "Startup" means a business that began operations in this state on or after January 1,
58 2020, and can demonstrate, as required by the office, that the business has incurred expenses
59 and is operating at a net loss due to the public health emergency related to COVID-19.

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

61 **63N-3-602. Program objective -- Eligibility -- Grant limits.**

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

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

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

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

70 (b) be a startup business.

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

73 (a) rent;

74 (b) equipment and inventory costs;

75 (c) payroll;

76 (d) insurance; and

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

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

81 (6) Eligible startup businesses shall provide capitalization and solvency documentation
82 to the office.

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

84 **63N-3-603. Duties of the office -- Funding reallocation.**

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

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

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

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

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

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

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

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

99 (3) The office shall:

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

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

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

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

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

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

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

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

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

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

- 119 (ii) The Division of Finance shall deposit the penalty into the Education Fund.
- 120 (6) The office shall encourage any business entity that receives grant funds to commit
- 121 to following best practices to protect the health and safety of the business entity's employees
- 122 and customers.
- 123 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 124 office may make rules to administer the grant program.
- 125 (8) As part of any advertisement of the Small Business Grant Program, the office:
- 126 (a) shall encourage economically disadvantaged business entities, including
- 127 minority-owned and woman-owned business entities, that meet the eligibility requirements to
- 128 apply for grant funds; and
- 129 (b) may feature any business entity that:
- 130 (i) shows evidence of a commitment to following best practices to protect the health
- 131 and safety of the business entity's employees and customers; and
- 132 (ii) consents to being featured.
- 133 (9) The office shall provide a written report on the program to the Economic
- 134 Development and Workforce Services Interim Committee not later than November 1, 2021.
- 135 The report shall include:
- 136 (a) the number of applications submitted under the grant program;
- 137 (b) the number of grants awarded under the grant program;
- 138 (c) the aggregate amount of grant funds awarded under the grant program; and
- 139 (d) any other information the office considers relevant to evaluating the success of the
- 140 grant program.
- 141 (10) Under the direction of the state's economic response task force, the Governor's
- 142 Office of Economic Development, and in consultation with the Legislative Committee,
- 143 remaining grant program funding may be reallocated to provide other COVID-19 pandemic
- 144 responses and support if needed.

145 **Section 4. Appropriation.**

146 The following sums of money are appropriated for the fiscal year beginning July 1,

147 2021, and ending June 30, 2022. These are additions to amounts previously appropriated for

148 fiscal year 2022. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures

149 Act, the Legislature appropriates the following sums of money from the funds or accounts

150 indicated for the use and support of the government of the state of Utah.

151 ITEM 1

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

153 From General Fund, One-time \$30,000,000

154 Schedule of Programs

155 Corporate Recruitment and Business Services \$30,000,000

156 The Legislature intends that:

157 (1) appropriations provided under this section be used for the Small Business Grant

158 Program created in Section [63N-3-602](#); and

159 (2) under Section [63J-1-603](#), appropriations provided under this section not lapse at the

160 close of fiscal year 2022, and the use of any nonlapsing funds is limited to the Small Business

161 Grant Program created in Section [63N-3-602](#).