



STATE OF COLORADO
SMALL BUSINESS RELIEF (SBR) PROGRAMS
FREQUENTLY ASKED QUESTIONS

Colorado Department of Local Affairs Local Government Small Business Relief Program

1. Who is eligible to distribute funds from the Small Business Relief Program (SBR)?

The program is open to counties, councils of government, economic development districts and municipalities (if a county is unable or unwilling to administer the program) that are under State mandated severe capacity restrictions beginning on or before December 10, 2020 and still under those restrictions on December 31, 2020. The entity must be in good faith compliance with all restrictions as determined by CDPHE.

2. How do I determine if my local government agency is eligible for funding?

DOLA in consultation with CDPHE will be confirming eligibility based on the statutory framework by December 31, 2020. For more specific information, please visit <https://cdola.colorado.gov/covid19-small-business-support>. Eligible entities will be able to apply on DOLA's grant portal by close of business December 18, 2020.

3. Can a municipality located within an eligible county opt in for the program?

Municipalities located within an eligible county that is participating in the program should participate through their county. If a county is determined ineligible based on a failure to meet the criteria or if they are unable to administer the program, eligible municipalities within that county, either individually or acting as a group, may participate in the program. The distributed funds will then be based on that entity's population. If an eligible county is unable to administer the program or chooses not to participate, that county should make their determination known to DLG by no later than December 18, 2020 so that municipalities and councils of government have time to apply. Counties AND municipalities may not both apply.

4. If I am a Regional Council of Governments or Economic Development District, what is my process?

Your first step is to contact your region's County(ies) or municipalities to ascertain if they are going to run their program directly. You can approach them and offer your services and can run programs for multiple local governments. Once that is understood, and you are going to apply for funding, you will follow the DOLA-DLG Opt-In portal process. For more information, please go to the SBR website: <https://cdola.colorado.gov/covid19-small-business-support>

5. How much funding is available for the SBR?

\$35.15 million is available to eligible businesses in the program. 10% of the program funds will be reserved to be allocated to "high need" counties with a population less than 100,000. (Up to 5% of the \$37 million in program funds can be retained for administrative costs.) The amount of funding per local government cannot be determined until after all applications are received on January 8, 2020. DOLA will get final numbers out to you as quickly as possible.

6. What is the process for allocating the high need fund? There is a question on the application for counties with a population less than 100,000 that asks the county to describe their high needs. High need funding will be allocated in conjunction with the regular funding.

7. How does my county receive funding to administer funds from the SBR?

Eligible local entities must make an application to the Department of Local Affairs, Division of Local Government through the grants portal by January 8, 2021 to receive advanced funds from the program. The division is required to allocate funds by January 15, 2021.

8. My county has an existing process under the Coronavirus Relief Fund to provide aid to businesses impacted by COVID-19 restrictions. Can we use this process to administer SBR funds?

Yes. The legislation specifically states that local governments may use “new or existing processes available” to make relief payments to small businesses as long as your process adheres to the Statutory requirements. SBR is more prescriptive than the CARES Act on eligible entities, but it is expected that many communities will realize administrative efficiencies through using existing processes and partnerships with public and private partners. Entities may NOT distribute funds on a first-come, first-served basis. The statute mandates that applications be open for businesses for no less than 21 days, but a local government may open that period before a funding commitment has been received from DOLA.

9. What if you are a municipality in two counties, one in compliance and one not. Can the municipality apply for businesses in the county that most likely will not be eligible?

The municipality would be eligible to apply, but only for the portion of the city that is in the county not applying for funding. Award amounts would be adjusted for the population of the city that is in the county not applying.

10. Can local governments partner with other entities to run the program and distribute funding?

The bill allows for local governments to use new or existing process including contracts with other entities to distribute the funding. This would include intergovernmental or interorganizational arrangements.

11. How much funding will my government receive to provide to small businesses?

Funds from the program will be allocated based on a per capita formula administered by DOLA once a final eligibility list is determined.

12. Can I use any of the SBR funds for administrative costs to operate the program?

Yes. Up to 5% of funds received by a county can be used to pay for administrative costs. If a county uses program funds for administrative costs, it needs to account for how those funds were utilized in the final report to DOLA.

13. How does this funding interact with other coronavirus small business funding?

While this bill does not have any provisions for avoiding a duplication of benefits, other funding sources (particularly federal funding) may. It is important that you understand the

other sources of funding you may have granted the particular business. For example, CVRF funding requires no duplication of benefits i.e a business may not use CARES Act funding to pay rent in December and another source of funding to pay rent in December. If a business uses both CARES Act funding and this funding, you will need to ensure that the state funds do not pay for any resources paid for by CARES Act funding to avoid triggering a recall of the federal funding.

14. What is a county required to do to run the program?

- Apply for and be awarded the funding through the grants portal.
- Inform small businesses about the program, application process and timeline and allow for a minimum of 21 days for eligible small businesses to apply
- Payments cannot be distributed in order of application and therefore may not be distributed before the business application deadline. The local government should determine and document a process for application acceptance that is most suited to the needs of the community.
- Payments must be distributed by local governments no later than February 12, 2020. There is no requirement for the business to spend funds by any particular date.
- Collect information required for an IRS 1099 Form. It is recommended that you collect this information on the application.
- Make a final report on fund usage to DOLA.

The Division of Local Government within the Department of Local Affairs is required to report on the application process, how each local government distributed funds, and how much each local government used for administrative costs.

15. If my local government participates, do the program funds count against my TABOR cap?

These SBR allocations are from State General Funds and a county will want to check with their finance director and/or attorney for the applicability of TABOR before applying. However, if a local government chooses to cooperate with a COG or Economic Development District, TABOR would not apply to those organizations. CDFIs, Economic Development Corporations and other entities are not eligible to receive funding.

16. Our local government processes do not allow time to administer the program. How do we manage the time constraints?

The time constraints are set by the legislation and may not be adjusted. Generally, local government processes may have a provision for emergency operations. These may allow for meetings to be held with 24 hour notices that could help speed your processes. w question)

17. What happens if my county has funds left over?

If a local government agency makes payments to all eligible entities that have applied and has funding left over, it may give awards to small businesses that had receipts greater than \$2.5 million in 2019, as long as those small businesses still meet the other eligibility requirements. If a municipality is administering the program and has excess funds remaining, the municipality may make awards to businesses in the unincorporated area of the county within a one-mile radius of the municipality.

18. What if my county is enacting a “5-Star Program,” similar to the one in Mesa County?
Counties enacting a 5-Star Program would be eligible under the variance allowances in the Bill.

19. What types of small businesses are eligible for relief assistance from the SBR?
Any corporation, LLC, partnership or sole proprietorship (nonprofits are not eligible) that fits into the following types of businesses are eligible for relief payments:

- Restaurants
- Bars (includes establishments like a Winery, Brewery, Distillery, etc.)
- Caterers
- Movie Theatres
- Gyms & Recreation Centers

20. If businesses have voluntarily closed, will they be eligible for funding?

If a business is voluntarily temporarily closed and affirms that they intend to continue ongoing operations for at least six months they would be eligible. Permanently closed businesses with no intention to reopen are not eligible.

21. What are the requirements for a small business to receive funds from the SBR?

Operating under severe capacity restrictions required by a local or state public health order

- Minimum 20% revenue loss (compared against 2019 receipts) OR is a business opened between Jan. 1 and March 26, 2020
- Currently operating within the eligible geography
- Commitment to operate for the next six months by self affirmation
- Valid business license and in good standing with issuing agency or a Certificate of Good Standing
- Cannot also receive funding from “Arts Relief Program” or the “Minority Owned Business Relief Program” (also established in SB20B-001)
- Qualifies as a “Small Business” by meeting the following criteria in the bill:
 - Headquartered and operating in Colorado
 - Minimum of one full time employee or a sole proprietorship
 - Less than \$2.5 million in annual revenue/receipts

22. How much can a small business receive from the program?

The legislation creating the program sets forth tiered relief payment caps, based on the business’ receipts (sales or revenue) from 2019, in the following fashion. However, these tiers may be formulaically adjusted downward based on total dollars allocated to each eligible entity:

- Receipts less than \$500,000 = \$3,500 *maximum* payment
- Receipts greater than \$500,000 but less than \$1 million = \$5,000 *maximum* payment
- Receipts greater than \$1 million but less than \$2.5 million = \$7,000 *maximum* payment

23. What documentation is required from a business applying to a local government for funding?

Businesses must provide the following:

- Evidence that the business is headquartered in and doing business in Colorado within the appropriate local government area.
- Verification of their Colorado Income Tax Account Number or Tax Exempt Certificate Number.
- NAICS code indicating an eligible industry.
- Affirmation of an intent to continue operations within the state for at least the next six months.
- Evidence of at least a 20% reduction in revenue since March 26, 2020 due to restrictions. This is not required for businesses that began operations between January 1, 2020 and March 26, 2020.
- Valid business license in good standing (ex. Certificate of Good Standing from the Secretary of State).
- Affirmation that the business has received no other funds from this special legislation (arts or minority business programs).
- Affirmation that the business is in compliance with all public health orders.
- Evidence that the business is either a sole proprietorship or has at least one full time employee.
- Evidence that the business had less than \$2.5 million in sales in 2019. Businesses that started operations between January 1, 2020 and March 26, 2020 should provide evidence that calendar year 2020 sales are less than \$2.5 million.

24. Will it be acceptable to accept the self-certification or attestation of the business applicant for the purpose of whether they are compliant with health orders?

Yes, DOLA and OEDIT have provided a sample business application that allows for self-attestation to compliance with all CDPHE requirements. You can find that application on the DLG website at: <https://cdola.colorado.gov/dola/small-business-relief>

25. Is there a cap on how much a small business can receive from the program?

Yes. A small business cannot receive more than \$7,000 from the program (*see question #16*).

26. When will small businesses receive funds?

Eligible small businesses must receive their funds (and an IRS 1099 Form) from an eligible local government by February 12, 2021.

27. Can funds given to a small business be rescinded?

Yes. If the small business is no longer complying with local or state public health orders, the small business is required to return these funds.

28. For more information on OEDIT programs, please visit:

<https://cdola.colorado.gov/covid19-small-business-support>