



# COLORADO

## Department of Local Affairs

Division of Local Government

### 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 severe capacity restrictions beginning on or before December 10, 2020 and still under those restrictions on December 31, 2020. The entity must be in 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>.

**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. 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.

**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.)

**6. 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.

**7. 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.

**8. 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.

**9. 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.

**10. 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
- Collect information required for an IRS 1099 Form
- 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.

**11. If my county 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.

**12. 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.

**13. What if my county is enacting a “5-Star Program,” similar to the one in Mesa County?**

*CDPHE hopes to have a decision on this by Thursday, December 10.*

**14. What types of small businesses are eligible for relief assistance from the SBR?**

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

**15. 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
- Valid business license and in good standing with issuing agency
- 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

**16. 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

**17. 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.

**18. 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*).

**19. 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.

**20. 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.

**21. For more information on OEDIT programs, please visit:**

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