



Joint Committee on Appropriations
REPRESENTATIVE CHRIS KARR, CO-CHAIR
SENATOR JOHN WIJK, CO-CHAIR

The Interim Joint Committee on Appropriations adopted the following Small Business COVID Interruption Grant Program Framework during its September 10, 2020, meeting. The framework is meant to serve as a guideline to the interim joint policy committees for making recommendations to the Interim Joint Committee on Appropriations on uses of the Coronavirus Relief Fund.

JCA Small Business COVID Interruption Grant Program Framework

- Fund approximately \$400 million to the small business COVID interruption grant program from the federal Coronavirus Relief Funds (CRF)
- Grants up to \$100,000 per qualifying business
- Eligible business must:
 - Be located in South Dakota
 - Have had at least \$25,000 in gross revenue in 2019
 - Have had a reduction in business of at least 25%
 - Not have gross revenues exceeding \$38.5 million
 - Certify to a going concern statement
- Grant amounts will be based on a cashflow from operations model for March through August calculated as follows:
 - "2019 cash flow from operations" is 2019 income (March through August) less 2019 cash expenses (March through August, excluding depreciation, amortization, and non-cash expenses) less term debt principal payments (March through August)
 - "2020 cash flow from operations" is 2020 income (March through August) less 2020 cash expenses (March through August, excluding depreciation, amortization, and non-cash expenses) less term debt principal payments (March through August)
 - "Federal aid" is any Payment Protection Program (PPP) funds or other federal COVID funding received by the business in 2020
 - "Reduction in business" is 2020 cash flow from operations less 2019 cash flow from operations plus Federal aid

- Example:
 - March through August in 2019 ABC Company had \$1,000,000 income and cash expenses of \$750,000 and debt principal payments of \$25,000
 - March through August in 2020 ABC Company had \$750,000 income and cash expenses of \$650,000 and debt principal payments of \$25,000
 - ABC Company accepted \$50,000 in federal PPP loans
 - 2019 cash flow from operations = $\$1,000,000 - \$750,000 - \$25,000 = \$225,000$
 - 2020 cash flow from operations = $\$750,000 - \$650,000 - \$25,000 = \$75,000$
 - Reduction in business = $\$75,000 - \$225,000 + \$50,000 = (\$100,000)$
 - Percent Loss = $(\$100,000) / \$225,000 = (44\%)$
 - ABC Company would qualify for a grant of up to \$100,000
- Applications proposed to open October 12 and close on October 23
- Once all applications are received, grant awards will be based on a pro-rata share of available funds
 - For example, if there are \$2 billion in eligible reductions in business, and \$400 million of available grant funds, grants will be 20% of eligible reductions in business
- Under current federal law, all funds must be expended by December 30, 2020