
Business Interruption Grant Program for the Arkansas Service and Hospitality Industry

Frequently Asked Questions

November 30, 2020

GENERAL INFORMATION

What is the Business Interruption Grant Program?

The Business Interruption Grant program for the Arkansas Service and Hospitality Industries will make approximately \$50 million available for certain businesses in the service and hospitality industries experiencing losses or business interruption as a result of the temporary closure of, as well as reduced operating capacity of their businesses as a result of the COVID-19 pandemic. These businesses may seek reimbursement for expenses associated with COVID-19 mitigation or certain listed business interruption expenses due directly to local, state or federal government COVID-19 directives. Grants can be awarded for up to \$250,000 per applicant. [See](#) Business Interruption Grant Program for the Arkansas Service and Hospitality Industries Emergency Rules for more details.

Is there any cost to me associated with the grant?

No, but grant awards will be subject to state and federal taxes.

Where did the funding come from?

Arkansas received \$1.25 billion in CARES Act funds. Governor Asa Hutchinson and the Arkansas CARES Act Steering Committee allocated \$50 million of those funds to be distributed to small businesses in the service and hospitality industry through Arkansas's Business Interruption Grant Program.

How long will the application process be open?

From 8:00 a.m. November 16, 2020 to 11:59 p.m. November 25, 2020.

How many businesses will receive the funds?

This is undeterminable as the number of expected applicants is unknown and each applicant will claim, and will be eligible for, varying amounts.

What information do I need to apply?

- Business Owner/Authorized Business Representative Information
 - Name

- Email address
- Phone Number
- Business Address
- Driver's License
- Type of business entity
- Taxpayer ID number
- Date business was started
- Completed and signed W9 tax forms
- Good Standing with the Secretary of State
- Number of full-time equivalent employees as of March 1, 2020
- Sales Tax- if the business collects sales tax, affirm a release allowing the Arkansas Department of Finance and Administration to review sales tax payments from 2019 and 2020; Or acknowledge that the business does not collect sales tax
- Tax Lien Repayment documentation, if applicable
- Information related to Minority Business Enterprise status, if applicable
- Need for Grant Funds by acknowledging that current economic uncertainty makes grant assistance necessary to support the ongoing operations of the applicant.
- Receipt of any emergency aid from federal, state of Arkansas or local government- if applicable, provide the information

A more-detailed list can be found in the Business Interruption Grant rules and “Checklist for Applicants” posted on the Arkansas Ready website by clicking [here](#).

What documents will I need to upload as part of application?

It depends on the type of business and eligible expenses you have. Examples of documents needed include:

- Certificate of good standing from the Arkansas Secretary of State. A formal certificate with the seal of the Secretary of State is not required. Instead, the online application will provide a link for the applicant to obtain a snapshot of the applicant's information, which the applicant can photograph, screenshot, or save as a pdf file and upload to their application with no time delay or cost to the applicant.
- Utility bills
- Rent expenses
- Mortgage interest expenses
 - This does not include mortgage payments
- Operational and professional businesses licenses
- Tax records
- Certified payroll documentation
- Franchise fees
- Telephone and internet service expenses
- Business insurance expenses
- Documentation showing expenses incurred due to business interruption caused by COVID-19 and incurred during March 1, 2020 to September 30, 2020

A more-detailed list can be found in the Business Interruption Grant rules and “Checklist for Applicants” that can be found on the Arkansas Ready website by clicking [here](#).

What if I do not have all necessary documentation?

In order to be considered for the grant, you must submit all required documents.

Are there funds designated for minority businesses?

The threshold goal for this grant is to direct at least 15 percent of the funds to Minority Business Enterprises and Women-owned Business Enterprises.

What expenses may I include regarding utility and telephone/internet expenses?

These expenses include electricity, gas, television, internet, telephone, water, and sewer.

ELIGIBILITY

Are there eligibility requirements?

Yes. Your business must meet the following requirements:

- Business operates primarily within one of the following industries or related industries in Arkansas.
 - Personal care
 - Tourism
 - Travel
 - Recreation; or
 - Hospitality
- Business was closed and/or had restricted operations due directly to an Executive Order issued by the Governor or a Directive issued by the Arkansas Department of Health;
- Was established on or before March 1, 2020;
- Has an established tax identification number in the state of Arkansas;
- Current Economic Uncertainty makes this assistance necessary to support the ongoing operations of the Applicant;
- If formally organized, is incorporated under the laws of Arkansas or is registered to do business in Arkansas with the Arkansas Secretary of State and, in any case, is listed as being in “Good Standing.” If not incorporated, a business/professional license, sales tax permit, utility bill or bank statement in the name of the business is required as supporting documentation that the business is a bona fide business;
- Is headquartered in Arkansas or has employees working in Arkansas;
- Employed an average of two hundred fifty (250), or fewer, Full Time Arkansas Employees per Eligible Business as of September 30, 2020;

- Must either have customers and/or employees physically coming to their Arkansas business premises or conduct business on customer premises in Arkansas;
- Is not under a bankruptcy order and does not have a pending bankruptcy filing at the time the Application is submitted. An Applicant that files for bankruptcy while the Application is pending shall notify the grant program and withdraw its Application under the program; and
- Does not presently have any tax liens with respect to any unpaid tax owing to the State of Arkansas except for those businesses that have applied for and received a repayment plan from the State of Arkansas and are not in default of that payment plan.

What are examples of businesses in the personal care industry?

Beauty salons, barbershops nail salons, facial salons, tanning salons, massage parlors, ear piercing services and tattoo parlors.

What are examples of business in the hospitality industry?

Businesses such as hotels, bars, restaurants.

What are examples of businesses that were impacted by government restrictions?

- Dine-In restaurants
- Bar or Clubs
- Indoor Venue, including Gyms and Fitness Centers
- Hotels and Lodging
- Barbershops, Body Art Establishments, Cosmetology Establishments, Massage Therapy Clinics/Spas and/or Medical Spas
- Large Indoor Venues
- Large Outdoor Venues

Would an Airbnb business be eligible for this grant?

Yes, if the primary focus of the business operates in the hospitality industry and the business meets all eligibility requirements for an eligible business as well as the eligibility requirements for the expenses claimed.

Does a business have to be registered with the Arkansas Secretary of State in order to apply?

Corporations, LLCs and certain partnerships must be registered to apply.

Are non-profits eligible to apply?

Yes, if the business meets all eligibility requirements.

Are franchises eligible to apply?

Yes, if the business meets all eligibility requirements.

Are sole proprietors eligible to apply?

Yes, if the business meets all eligibility requirements

Are businesses that operate in more than one state eligible to apply?

Yes, if the business meets all eligibility requirements

Are businesses that operate in Arkansas but have out of state owners eligible to apply?

Yes, if the business meets all eligibility requirements.

If I am the only employee of my business, can I apply?

Yes, if the business meets all eligibility requirements.

Can I apply more than once for the same business?

No. Each business (identified by its tax identification number) can only apply and only be awarded once.

Are there specific business that are not eligible for this grant?

Yes, government entities and quasi-governmental entities such as Government-owned nonprofits and annual and seasonal indoor and outdoor festivals such as county fairs and carnivals are not eligible for this grant program. Also, those that do not operate primarily within the personal care, tourism, travel, recreation, hospitality or related industries cannot apply.

If I own more than one business, can I apply for each?

Yes, if each business meets all eligibility requirements and has a separate tax identification number. Please note that you must complete a different application for each business.

Do I have to have a certain number of employees to apply?

No minimum number of employees is required. You must have had 250 or fewer full-time equivalent employees on September 30, 2020.

How do I determine how many “full-time equivalent employees” my business had on September 30, 2020?

First, identify your average number of employees on September 30, 2020. Next, identify how many of those employees worked an average of at least 30 hours per week at a business location in Arkansas. If you are submitting expenses for payroll, you will be required to submit the proof of payroll for those employees.

If I had to lay off employees due to COVID-19, do I count my employee numbers now or at the beginning of the COVID-19 pandemic?

You count your employees on September 30, 2020.

Do independent contractors count toward my employee numbers?

No.

Can independent contractors apply for the grant if they do not have a Tax Identification number?

Yes, independent contractors will be able to apply without a Tax Identification number. The rules provide that a sole proprietor, including an independent contractor, can qualify as an eligible business if they meet all of the eligibility criteria. These entities can apply using their Social Security Number if they do not have a Tax Identification number.

What employees can be counted for purposes of this grant?

Full-time equivalent employees that work 30 hours per week or more can be counted for purposes of this grant. Employees that work less than 30 hours a week are not full time employees and cannot be counted as part of their employees for purposes of this grant. Independent contractors are not employees and may apply on their own if they meet all other eligibility criteria. Sole proprietors or partners in an informal partnership who work in the business may count themselves as employees of the business.

If I received a Paycheck Protection Program loan, an Economic Injury Disaster Loan or other COVID-19 related relief, am I eligible to apply?

Yes, a business may still apply if it received money from any of these grants listed below. The benefits received under this program cannot duplicate benefits previously received under other programs funded through the CARES Act.

- Paycheck Protection Program
- U.S. Small Business Administration Economic Injury Disaster Loan or Grant
- Arkansas Economic Development Commission Ready for Business Grant Program

- Any emergency grant from the state of Arkansas or any city or county in the state of Arkansas

How will other assistance be deducted from the amount of eligible expenses if I received other assistance such as assistance from Paycheck Protection Program loan, an Economic Injury Disaster Grant or Loan (EIDL) or other COVID-19 related relief?

The application portal will calculate the amount of eligible expenses for the application. Applicants need to enter amounts for each category. Applicants do NOT need to calculate the deduction. Simply stated, applicants cannot request grants funds for expenses that have already been paid for through other COVID assistance. See example below.

Example:

You report in the Claims section: \$100 in total eligible expenses (e.g., payroll expenses)

You report in the Received Funds section: \$25 previously received from the Paycheck Protection Program

Our online application portal calculates: \$75 in total eligible expenses allowed for this grant

How do I Report the Economic Injury Disaster Loan or Grant (EIDL) and How Will that Impact My Application?

We will ask you to report how much total assistance you received and to break that total out for us as to which portion represents a loan that must be repaid and which portion represents a grant or a forgiven portion of a loan.

The portion that represents a loan that must be repaid will **not** be deducted from your eligible expenses for purposes of the Business Interruption Grant Program. The portion that represents a grant will be deducted from your eligible expenses.

Example:

You report in the Claims section: \$100 in total eligible expenses

You report in the Received Funds section: \$25 previously received as a loan that must be repaid from the EIDL program

You also report in the Received Funds section: \$25 previously received as a grant from the EIDL program

Our online application portal calculates: \$75 in total eligible expenses allowed for this grant. Only the \$25 representing a grant is deducted.

Are grant awards subject to state and federal tax laws?

Yes. IRS Form 1099 will be issued for each grant recipient.

Are grant awards transferable to other individuals or entities?

No.

If I just started a new business, am I eligible to apply?

No, the business must have been established by March 1, 2020.

If I operate my business out of my home, am I eligible to apply?

Yes, if you have customers or employees coming to your physical premises or conduct business on customer premises and you meet all other eligibility requirements.

What is the time frame to qualify as an eligible expense?

The grant is for reimbursement of eligible expenses that incurred from March 1, 2020 to September 30, 2020.

Does this grant cover revenue loss?

No. This grant is for reimbursement of eligible expenses and cannot be used to cover revenue loss.

APPLICATION PROCESS

What is the application period and deadline?

The application period opens at 8:00 a.m. on Monday, November 16, 2020 and closes at 11:59 p.m. on Wednesday, November 25, 2020.

How can I apply?

On November 16, 2020, the application will be available. At that time, businesses can go to the Arkansas Ready [website](#) to access a link to the application.

Can I save my progress and return to the application at a later time?

Yes.

Can I submit my application via regular mail or telephone?

No. The program is only accepting applications through an online portal accessible through the Arkansas Ready website.

I am applying via my smart phone/mobile device. Am I able to upload documents?

Yes. If necessary, you can take photos of your documentation and upload the photos.

I need to add an item or document to my application. Is there a way to amend or correct an application?

If, by phone or email, you request to reopen your submitted application because supporting documents are missing or there were technical mistakes made in your application, you will receive a response by the Business Interruption Grant program via email. For any follow up questions related to these types of matters, please contact the Resource Center at 888-722-1554. Please note that once the application is submitted, an applicant can only make corrections to the application but cannot add any additional claims to the application.

What documents do I need to submit to verify the eligible expenses for my business?

An invoice, receipt, cancelled check, bank statement, credit card statement or other document that can provide specific documentation of the expense amount and that the business incurred the eligible expense between March 1 – September 30, 2020 can be submitted to prove the eligible expense. Only one document needs to be submitted per eligible expense to prove that the business incurred the eligible expense.

Do I need to submit proof of payment for all eligible expenses?

Proof of payment is preferred, but not required. Proof that the business incurred the eligible expense between March 1 – September 30, 2020 is required. The grant administrators understand that some of the expenses have been incurred by a business, but the business may not have made payment on the expense as of the application date.

CALCULATING AND RECEIVING FUNDS**How will I receive my funds (i.e. check or direct deposit)?**

Grant funds will be disbursed by electronic means to the bank account provided in the application.

Will these funds be issued to me as a loan or a grant?

Grant.

Do I have to repay these funds?

No, unless it is determined the information contained within the application was false, fraudulent, or materially misleading or if the payment is otherwise precluded by the grant program rules or by the CARES Act.

How much can I apply for?

Applicants can apply for up to \$250,000 per eligible business. Awards will be made on a prorated basis.

What expenses can be used to calculate grant eligibility?

All of these expenses must have been incurred from March 1, 2020 through September 30, 2020 and can be either paid or unpaid at the time of application.

- Personal Protective Equipment (PPE). Click [here](#) to see approved list of items.
- Rent payments or mortgage interest payments on real property
- Other ordinary business expenses reasonably necessary to keep the Eligible Business operational
- Other expenses reasonably necessary for the Eligible Business to safely meet local, state, and federal COVID-19 mitigation requirement.
- Utility expenses (e.g., water, sewer, gas, electricity)
- Telephone and internet service
- Transportation costs
- Operating and professional licenses
- Franchise fees
- Business insurance (e.g., liability, worker's compensation)
- Maintenance and sanitation
- Remarketing the resumption of activities and steps taken to ensure a safe experience
- Payroll costs and expenses, including employee insurance, unemployment, retirement, etc.
- Expenses associated with COVID-19 mitigation by workforce realignment
- Technology costs necessary to shift to virtual operations
- Professional services procured for work environments necessary to mitigate the threat of COVID-19
- Interest on any business debts

If applying for the grant to cover itemized expenses, what documentation do I need in order to support my request?

Itemized expense documentation could include: copy of mortgage statement, copy of lease agreement, copy of utility bills, lease payment receipts for real or personal property, payroll reports, reports from accounting software programs such as QuickBooks, bank or credit card statements, invoices, purchase orders, and receipts for purchases or proof of an established payment plan or other written payment agreement.

What expenses are not considered eligible expenses and cannot be used to calculate grant eligibility?

- Taxes
- Non-cash expenses (e.g., depreciation expense)
- Lost profits
- Lost Revenue
- Entertainment and lobbying expenses
- Goods and services not used for business purposes
- Damages that have been, or are expected to be, covered by insurance
- Costs that have been, or are expected to be, reimbursed by any other local, state, or federal government program or by any private programs
- Value of any products or services that were donated to, or by, the Applicant
- Bonuses for highly compensated employees earning in excess of \$100,000 annually, other than that payable for hazard pay or overtime pursuant to COVID-19 mitigation
- Severance pay and benefits
- Payments to shareholders except for regular compensation payments consistent with the historical practices of business
- Legal expenses or settlements, fines, and penalties
- Other expenses as may be deemed ineligible under guidance, guidelines, rules, regulations, or other criteria, all as may be amended from time to time from the U.S. Department of Treasury regarding the use of funds appropriated under the CARES Act
- Other expenses as may be deemed ineligible in accordance with program rules in the sole combined judgment of the grant program's Review Committee

What do transportation costs include and what are examples of eligible transportation costs?

All transportation costs must have incurred in Arkansas, associated with COVID-19 mitigation or for business interruption expenses due directly to local, state, or federal government COVID-19 directives and arising through no fault of the business.

Examples of transportation costs include payroll to transportation staff, fuel use, insurance and maintenance costs of vehicles, fees paid to other companies contracted to assist with transportation of products sold by the business such as Uber and Lyft fees. Another example of a transportation cost includes where some dine in restaurants had to change their business model to delivering food instead of in-house dining as a response to COVID mitigation or due to Arkansas Department of Health restriction. The transportation costs associated with delivering the food would be considered an eligible transportation expense.

Is there a maximum grant amount?

\$250,000.00.

How do you determine how much I receive?

Grant amounts will be based on criteria established by the Review Committee that will consider the total amount of eligible reimbursable expenses, overall impact of COVID-19 to the industry of the business, and the differential in the sales tax paid by the business during the time periods of March 1 through September 30 in 2019 and 2020.

One metric that will be considered by the Review Committee to determine economic impact to the Eligible Business will be sales tax data. For Eligible Businesses that do not collect and remit sales taxes or Eligible Businesses that have been in business as of March 1, 2020 for less than one year, other data provided by the Applicant such as remittance of sales tax per month since in operation will be considered in determining economic impact. If the business does not collect sales tax, other data may be requested by the committee for consideration of grant awards

Do I need to document or report how and where I use the funds I receive?

Yes. All grant funds must be used in Arkansas. By accepting the grant funds you agree to be subject to an audit.

REVIEW PROCESS

When can I expect an answer?

You will be notified following a full review of your application and accompanying documentation by December 30, 2020.

How will I be notified that I will receive a grant and when will those funds be distributed?

You will receive an email directed to the email address associated with the application, and funds will be distributed electronically to the bank account provided in the application by December 30, 2020.

How will I be notified that I will not receive a grant?

You will receive an email directed to the email address associated with the application.

SUPPORT FOR APPLICANTS

Where can applicants direct their questions?

The Business Interruption Grant Resource Center is open and available to help businesses. The resource center is available from November 9th, 2020 - November 25th, 2020, Monday – Friday, 7 AM to 7 PM CST. The phone number is (888) 722-1554. Questions can also be submitted regarding the grant via email at **BIGInfo@arkansas.gov**.

Will there be a video available where the application process will be explained?

Yes, there is video posted by the Department of Parks, Heritage and Tourism on the [Arkansas Ready Facebook page](#) and at www.ArkansasReady.com that explains the grant application process and answers questions regarding the grant.

Can we see the online application before the application becomes available on Monday, November 16?

Yes. A webinar demonstrating the online application and follow up questions was held on **Friday, November 13 at 10:00 a.m.** hosted by Secretary Stacy Hurst, Arkansas Department of Parks, Heritage and Tourism and Arkansas Ready. A recording of the webinar is available on www.ArkansasReady.com.