

Business Interruption Grant Program for the Arkansas Service and Hospitality Industry

Frequently Asked Questions

October 20, 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
- North American Industry Classification System code
- 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
- Utility bills
- Rent/Mortgage expenses
- 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](#).

Where can I find my Arkansas Secretary of State Certificate of Good Standing?

Visit the Arkansas Secretary of State website to obtain a copy of the Certificate of Good Standing by clicking [here](#).

What is the North American Industry Classification System and how can I find that code for my business?

The North American Industry Classification System (NAIC) is used by businesses and governments to classify and measure economic activity within industries. The online application will provide a drop-down selection tool for businesses to select their primary industry. If businesses would like to identify their NAIC code prior to the application period, they can do so 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:

- Operates primarily within the Arkansas personal care, tourism, travel, recreation, hospitality or related industries;
- 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;
- 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. Click [here](#) to see a list of National Association of Industry Codes in the personal care industry.

What are examples of business in the hospitality industry?

Businesses such as [hotels](#), [bars](#), [restaurants](#). Click here to see a list of National Association of Industry Codes in the hospitality industry.

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 March 1, 2020.

How do I determine how many “full-time equivalent employees” my business had on March 1, 2020?

First, identify your employees on March 1, 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 March 1, 2020.

Do independent contractors count toward my employee numbers?

No.

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

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.

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. At this time, the program is only accepting applications 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 documents are missing from the application, you will be contacted by the Business Interruption Grant program via email. Any follow up questions related to these documents can be submitted via email.

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?

Applicant can apply for up to \$250,000 per eligible business.

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.

- Personal Protective Equipment (PPE). Click [here](#) to see approved list of items.
- Rent or mortgage interest payments on real property
- Other expenses reasonably necessary to keep the Eligible Business operational, and to safely meet local, state, and federal COVID-19 mitigation requirement include the following.
 - Utility expenses (e.g., water, sewer, gas, electricity)
 - Telephone and internet service
 - Transportation costs
 - Operating and professional licenses
 - Franchise fees
 - Business insurance
 - Maintenance and sanitation
 - Remarketing the resumption of activities and steps taken to ensure a safe experience
 - Payroll costs and expenses
 - 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 paid utility bills, lease payment receipts for real or personal property, payroll reports, bank or credit card statements, invoices, purchase orders, and receipts for safety improvements or PPE 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

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

Can I monitor the status of my application?

Yes. You may enter your login information on the application website to check the status of your application.

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

Prior to the release of the application, what is the point of contact for applicants?

Currently, questions can be submitted regarding the grant via email at BIGInfo@arkansas.gov.

There will be a phone helpline for applicants available beginning November 9, 2020 at 7:00 a.m. CST. The helpline number is currently being setup and the phone number will be posted on the [Arkansas Ready website](#).

Will there be a virtual meeting where the application process will be explained?

Yes, during the week of November 2, 2020, the Arkansas Department of Parks, Heritage and Tourism will host a Facebook Live event on the [Arkansas Ready Facebook page](#) to explain the grant application process and answer questions regarding the grant. This event will be recorded and can be accessed after the event via Facebook.