

State Tax Observations

CT CARES Grant Program: A \$5,000 Arrow in the Quiver of Connecticut Small Businesses

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Small businesses continue to navigate through the treacherous waters of economic uncertainty brought on by the COVID-19 pandemic. In addition to the federal programs offered to support affected small businesses wade through the sea of insecurity, the State of Connecticut, through the Department of Economic and Community Development (DECD), established the *CT CARES Small Business Grant Program*. The primary goal of the program: To offer a one-time grant of \$5,000 to eligible businesses and not-for-profits who apply by December 30, 2020.

The State's previous program to support businesses through the pandemic, the Connecticut Recovery Bridge Loan program, provided \$42 million in loans to 2,122 Connecticut companies.

CT CARES Eligibility

Under the CT CARES Small Business Grant Program, \$50 million of funding will be allocated 50% to businesses/not-for-profits in distressed municipalities and 50% to businesses/not-for-profits located outside of distressed municipalities. The complete list of distressed municipalities can be found [here](#).

For a small business, the eligibility requirements for the CT CARES program are:

- The business must have had no more than 20 total full time equivalent employees (FTEs) in 2019 across all of its Connecticut locations, or have had total 2019 payroll of less than \$1.5 million (annualized). FTEs and payroll include affiliated companies.
- The business must be able to demonstrate a 20% or more loss in revenue year to date as of September 30, 2020 compared with the same period in 2019.
- The business must have been established by October 1, 2019 and still be active.
- Home-based businesses are eligible.
- Eligible entities include for-profit businesses that use any type of incorporation, as well as 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7), and 501(c)(19) nonprofit organizations.
- The business must remain a viable business, be planning to reopen, and be planning to rehire any workers let go due to COVID as business conditions recover, and have a material financial need that cannot be overcome without the grant of emergency relief funds.
- Companies must be in good tax standing with the Connecticut Department of Revenue Services (DRS) or current on a payment plan or consent to use a portion and/or their entire grant to remedy the delinquency.
- Sole proprietorships are eligible.

The \$5,000 grants do not need to be repaid and can be used for payroll, rents or mortgage, utilities, inventory, machinery and equipment as well as costs associated to ensure compliance with the CT Reopen Business Sector Rules.

Businesses Not Eligible

Excluded businesses include:

- Businesses in which the majority of revenue is earned from the following activities:
 - Liquor stores and alcohol distributors; adult businesses such as strip clubs; vape retailers; tobacco shops and smoking lounges; businesses having to do with gambling; gun stores and ranges; cash advance, check cashing, or pawn shops; bail bonds; collection agencies or services; and auction or bankruptcy or fire or "lost-our-lease" or "going-out-of-business" or similar sale.
 - Businesses that are 50% or more owned by another establishment such that the FTE count for the umbrella establishment (when counting the FTEs of all subsidiaries in which the umbrella establishment has a 50% or more stake in) is more than 500. For example, non-franchised outlets of major national food and retail chains would be excluded.
- Businesses and not-for-profit entities receiving another assistance grant from Connecticut's allocation of the Coronavirus Relief Fund (CRF).

Move Quickly

The online application is expected to be released the week of November 9, 2020 and will be found [here](#).

It is recommended that applications be submitted as soon as the application is available. All funds will be disbursed by December 30, 2020.

Contact Us

If you would like to know more about this program, contact your PKF O'Connor Davies client engagement partner or either of the following:

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