

Small Business Support—federal and state funding resources now available to offset business impact of COVID-19 public health orders

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Practice Area: Business and Corporate Law & Tax

Two government assistance resources have now been approved to help assist small businesses affected by the COVID-19 public health emergency. Wisconsin businesses are now eligible to apply under the federal Economic Injury Disaster Loan program offering long-term, low interest loans. Additionally, Wisconsin Economic Development Corporation (WEDC) has created the Small Business 20/20 grant program for small businesses of 20 or fewer employees impacted by COVID-19.

Economic Injury Disaster Loans

The State of Wisconsin has been granted federal approval under the U.S. Small Business Administration (SBA) Disaster Assistance program, an emergency assistance program administered by the federal Small Business Administration (SBA). The approval makes loans available to businesses in Wisconsin affected by the efforts to limit the spread of COVID-19. Businesses may qualify for loans up to \$2 million to cover losses resulting from the coronavirus pandemic, and may have up to 30 years to repay the loans. The loans can be used to cover fixed debts, payroll, accounts payable, and other bills that cannot be paid because of the disaster's impact. Interest rates are 3.75% for for-profit businesses, and 2.75% for nonprofits.

Each loan application is considered on a case-by-case basis. In order to apply, businesses will have to provide the following information:

- Tax Information Authorization (IRS Form 4506T) for the applicant, principals and affiliates.
- Complete copies of the most recent Federal Income Tax Return.
- Schedule of Liabilities (SBA Form 2202).
- Personal Financial Statement (SBA Form 413).
- Profit and loss statements.
- Monthly sales figures (SBA Form 1368).

More information about the program and how to apply for an Economic Injury Disaster Loan is available at U.S. Small Business Administration and Wisconsin Small Business Development Network.

WEDC Small Business 2020

WEDC has also set up a new grant program called Small Business 20/20 (SB20/20) to provide assistance to “the smallest of the small” businesses, with grants of up to \$20,000 for businesses with 20 or fewer employees. Grant funds can be used for rent and payroll expenses, including paid leave related to coronavirus. The grants will be provided through Wisconsin community development financial institutions (CDFIs) to existing CDFI loan recipients. WEDC will identify CDFIs participating in the program within two weeks. Approved CDFIs will make program grants available to for-profit businesses meeting the following criteria:

- Current loan recipient in good standing as of 3/1/20 with the approved CDFI (and its collaborating CDFIs).
- 20 or fewer PT/FT employees.
- Greater than \$0 but less than \$2 million in annual revenues.
- Preference will be given to service and retail businesses.

For more information about the program, please see the WEDC website.

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