

Massachusetts Establishes A Fund To Aid Small Businesses Affected By The Pandemic

On December 28, 2020, the Commonwealth of Massachusetts established a new \$668 million fund to assist small businesses adversely effected by the COVID-19 pandemic. The Program will be managed by the Massachusetts Growth Capital Corporation ("MGCC"). Applications may be submitted starting at 12:00 noon this Thursday, December 31, 2020, with final submissions due by 11:59 pm on Friday, January 15, 2021.

Funds distributed by MGCC are block grants (not loans), and funds received do not need to be repaid. The maximum amount of each grant is the lesser of three months of approved operating expenses, or \$75,000. Operating expenses paid with grants or loans from other programs, such as a PPP loan, an EIDL loan or a prior MGCC program, are not eligible.

The Program targets local businesses hit hardest by the pandemic. Preference will be given to restaurants, bars, caterers, movie theaters, comedy clubs, skating rinks, gyms, fitness centers, barbers and hair salons, independent pharmacies, photo studios, florists, limousine companies, and independent retailers with brick

and mortar locations. Businesses that do not qualify (and should not apply) include large corporations, real estate/rental businesses, a business owned by someone under the age of 18, chain stores, franchisees, liquor stores, weapons/firearms dealers, lobbyists, cannabis related companies and non-profit organizations.

Amounts used to calculate the cap on operating expenses are based on operating expenses reported on the applicant's 2019 Federal tax return. Grant money can only be used to fund payroll, employee benefits, mortgage interest, rent, utilities, and interest on other obligations. The money cannot be used to fund equipment purchases, real estate purchases, construction work, business expansion costs or lobbying.

If an owner has a number of different companies, and more than one applies for a grant, MGCC may limit the amount of each block grant or deny some of them.

An applicant must have a physical location in Massachusetts, and be a for-profit business (i.e. corporation, LLC, partnership or sole proprietor). The business

must prove that it lost income since March 10, 2020, equal to or greater than the requested amount, and it must have been in operation since June 30, 2019, or if it is closed the owner must show an intent to reopen.

All applications must be submitted MGCC's online application portal, which can be found here: <https://www.empoweringsmallbusiness.org/covid-19-response/sector-specific-relief-grant-program-massachusetts-businesses>. Applications submitted via mail or email will not be considered.

Each on-line application requires digital copies of the following supporting documents:

- ◆ Massachusetts Certificate of Good Standing.
- ◆ 2019 federal business tax return (for corporations, Form 1120; for partnerships and multi-member LLCs, Form 1065), including all schedules.
- ◆ 2019 federal personal tax returns for each person who owns 20% or more of the business.
- ◆ Copy of business license, license to operate or professional certification, if applicable.

- ◆ A completed and signed Federal Form W-9.
- ◆ If the applicant is a sole proprietorship, a copy of the d/b/a business certificate from the city/town where the business operates

Once the application deadline closes on January 15, 2021, MGCC will review all applications. Following the determination of eligibility MGCC will disburse the grants as soon as possible.

If you receive a block grant be sure to maintain records of how and when the funds were used, and the eligible expenses paid. MGCC maintains the right to audit a recipient's books and records for at least three years.

This advisory is for information purposes only, and does not constitute legal advice. If you would like to discuss the impact of the MGCC on your business, please contact Joe LaFerrera, Aaron Kriss, or Sean Gilligan at (617) 350-6800, or email them at joe.laferrera@gesmer.com, aaron.kriss@gesmer.com, or sean.gilligan@gesmer.com.



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