



Small Business Economic Relief Grant (SBERG) Program Policy

GRANT PROCEDURES AND CRITERIA

Purpose

The Homer City Council on May 26, 2020 accepted CARES Act funds from the Federal government to assist communities and businesses that suffered economic harm from the COVID-19 public health emergency. City Council allocated \$3,000,000 of those funds to be distributed in \$3,000 grants through a Small Business Economic Relief Grant (SBERG) Program. SBERG is designed to provide a simple process that maximizes timely support to the maximum number of local businesses with as few restrictions as possible to assist economic recovery, while insuring accountability.

Eligibility Criteria

1. Business is physically located in Homer City Limits

Must have a physical place of business situated within the City of Homer with primary business activity occurring within the City limits. *Examples include but are not limited to an office, home-based business, restaurant, store*

2. Business must have 50 or less employees

Must be considered a small business as defined by the State of Alaska AK CARES Grant Program, which states that a small business have, on average, 50 or fewer full-time equivalent employees.

3. Collect and report taxable sales

Must have collected sales tax and filed a sales tax report with the Kenai Peninsula Borough Sales Tax Division within the third quarter of 2019, the fourth quarter of 2019, or the first quarter of 2020. If this requirement cannot be met, the reasons must be thoroughly explained and program eligibility under the intent of Council will be assessed and determined by the City Manager.

4. Disclose and certify financial loss

All applicants must be negatively impacted by the COVID-19 pandemic either through rapid expansion or adaptation to serve the community or because of forced closure in the name of public health. Applicants must certify and provide a brief explanation of how the business suffered or suffers revenue loss because of the COVID-19 pandemic.

Disqualifiers

1. Cannot be a marijuana related business

The Federal Government considers selling of cannabis to be illegal. Federal law precludes using money supplied by the US Treasury in support of illegal activities. As such, direct marijuana businesses and indirect marijuana businesses which derive any of its gross revenue from sales and services to direct marijuana services are ineligible.

2. Business cannot have filed for bankruptcy

3. Businesses must not be delinquent with the Kenai Peninsula Borough Tax Department as a result of a lien or violation of payment plan.



City of Homer

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Grant Spending Requirements

Grant funds received must be fully expended by December 30, 2020.

Grant funds may be used for:

1. Payment of rent or required monthly loan payments (*i.e., mortgage*)
2. Payments of essential wages, taxes, and normal benefits to employees essential to maintain business
3. Normal operating costs that are included in “cost of goods sold” on business’s income statement (*raw materials for manufacturers, component pieces for assemblers, items for resale for retailers, food for restaurants, etc.*)
4. Normal operating expenses that are included in “operating expenses” on businesses’ income statement (*utilities, insurance, professional services, etc.*)
5. Normal draw or wages on a weekly or monthly basis to owner
6. Purchase of personal protective equipment required by the business
7. Expenses incurred to replenish inventory or other necessary re-opening expenses

Grant funds may not be used for:

1. Any expense that would not be considered an eligible business expense by IRS rules
2. Political contributions
3. Bonuses to owners or employees
4. Wages to any member of owner’s family who is not a bona fide employee
5. Charitable contributions
6. Gifts or parties
7. Draw or salary to owner that exceed the amount that they were paid on a weekly or monthly basis for the same period in 2019
8. Pay down or pay off debt by more than required in underlying debt instrument
9. Any expense considered ineligible under the State of Alaska CARES Act grant program

Process

1. The deadline for applications is September 25, 2020 or the date when appropriated funds have been expended, whichever comes first. Applications will be accepted on a rolling basis.
2. Business information provided in the SBERG application will be kept confidential to the extent authorized by law.
3. The business owner must fill out the application available online at the City of Homer website or paper application available at the Clerk’s office to the City of Homer’s Finance Department’s dropbox by City Hall entrance on Pioneer Avenue. Please secure your application within a sealed envelope. Applications may also be mailed to: City of Homer, ATTN: SBERG - Jody Mastey, 491 East Pioneer Avenue, Homer, AK 99603.
4. The application must be submitted with a W-9 form from the Internal Revenue Service.
5. Upon receipt of a complete application and verification of eligibility requirements, a grant payment in the amount of \$3,000 shall be disbursed to the applicant. Applicants will be notified via email once their application has been approved.
6. Applicants who submit incomplete applications or whose requests are denied will be notified via email.
7. A 1099 Misc. income form will be provided by the end of the year.
8. A business may only apply one time for this grant.
9. It is the responsibility of the applicant to determine whether the proceeds from the grant are taxable, or the receipt of a grant under this program precludes eligibility for any other grant or aid programs.
10. Grants under this program are subject to audit. Businesses are required to maintain records for a period of 6 years.
11. A business may only apply one time for this grant.
12. The City reserves the right interpret the terms of this program.
13. An applicant who is denied may appeal (in writing) to the City Manager no later than 5PM the 10th calendar day after the applicant receives notice from the City. Applicants denied before July 27, 2020 have until 5PM on August 6, 2020 to file an appeal in writing to the City Manager.