

Small Business CARES Relief Grants

Frequently Asked Questions

What is the Small Business CARES Relief Grant Program?

The Small Business CARES Relief Grant Program was created by the State of New Mexico in the November 2020 Special Session to provide \$100 million in grant funding to New Mexico small businesses that are experiencing financial hardship due to the pandemic. This grant program is being administered by the New Mexico Finance Authority (NMFA).

What is a grant?

A grant is money given for a specific purpose without any obligation to repay the funding. In this case, grants will be given to help New Mexico businesses weather the economic hardship due to the pandemic. This grant does not need to be paid back.

Who can apply for a Small Business CARES Relief Grant?

Small Business CARES Relief Grants are available to New Mexico for-profit businesses and nonprofit organizations with 100 or fewer employees that meet one of the following requirements:

- A. Sole proprietors owned by a New Mexico resident.
- B. Corporations, partnerships, joint ventures, limited liability companies or limited partnerships that are at least 51% owned by one or more New Mexico residents.
- C. Nonprofit corporation designated as a 501(c)(3), 501(C)(6) or 501(c)(8) entity, or a 501(c) organization that serves past or present members of the Armed Forces of the United States.

Are these different from the CARES grants being given out by NM cities and counties?

Yes, this is a different grant program. You may apply for a grant for a Small Business CARES Relief Grant even if you've applied for funding from your city or county. All businesses that meet eligibility guidelines may apply for funding regardless of whether you already received State or Federal assistance.

When will the application be open?

The application will be **open from noon on December 7 until noon on December 18**. Please note that this is only 11 days. We encourage you to apply as early as possible. Applicants should submit only one application. Duplicate applications will not be reviewed.

Who may submit the application?

The application must be submitted by the "Authorized Officer" designated in the application.

What expenses can I pay with this grant?

The grant may be used for regular business expenses that cannot be paid without additional assistance due to revenue losses because of the pandemic. The grant may also be used for expenses incurred due to the pandemic, such as PPE or retrofitting a business to meet COVID-19 safety guidelines.

Are the grants given out first-come, first-served?

The applications will be funded in three rounds so that businesses that apply later in the application period still have a chance to obtain funding. The funding rounds and amounts set aside for funding are as follows:

Round 1: Applications submitted by Noon on December 10: \$40,000,000

Round 2: All applications submitted by Noon on December 15 and those unawarded applications from Round 1: \$35,000,000

Round 3: All applications submitted by Noon on December 18 and those unawarded applications from Rounds 1 and 2: \$25,000,000 plus any allocated funds that were not used in earlier rounds.

Applicants should apply only once. If an application is not funded in the round in which it was submitted, the application will roll into the next round and will be considered again.

How do you decide which applications to fund?

To ensure that grants have been distributed throughout the State, 40% of the funds have been set aside for businesses in rural areas. Businesses in the Hospitality and Leisure industries will be given priority to the funding as directed by the legislation.

If there are more applications than available funding, NMFA will prioritize the applications based on each business's profit or loss per employee and will fund the applications in the order prioritized. The profit and loss numbers should be from the time period April 1, 2020 through November 30, 2020. If a business opened after April 1, 2020, the time period should include the entire time since the business opened.

What are the grant amounts? How much can I ask for?

Businesses will be awarded grant amounts based upon the number of individuals they employ. The grant amounts are fixed amounts that are based on quarterly wage reports submitted to the New Mexico Department of Workforce Solutions. Businesses that do not pay unemployment taxes (non-employer businesses) and those that do not submit a copy of the quarterly wage report will be eligible for a grant of \$2,000.

<u>Number of employees</u>	<u>Grant Amount</u>
0	\$2,000
1-5	\$10,000
6-15	\$15,000
16-25	\$25,000
26-40	\$30,000
41-60	\$40,000
61-75	\$45,000
76-100	\$50,000

I am the owner of a business. Do I count as an employee?

Business owners do not qualify as employees. Employees to be included are full-time and part-time employees, not including contract employees.

I've had to reduce staff because of the Emergency Health Orders. How will this affect the amount of grant I receive?

Applicants are able to use pre-COVID employment levels for purposes of determining the grant amount. Applicants are able to submit any quarterly wage report from March 31, 2019 to date.

If my business has temporarily closed, am I still eligible to apply?

Yes.

How do I apply?

The application is available online at <https://www.nmfinance.com/cares-continuity-grants/>. The website also includes tools to help with the application process. If you have questions, please email cares@nmfa.net or call 505-992-9696.

How long is the process?

If your application is approved in the funding round it was submitted, you could receive your grant in 7-10 days. If your application is not approved initially and rolls over to the next round, the process could take as long as three weeks. All funding is expected to be disbursed by December 24th.

What documents do I need to submit with my application?

- 2019 business federal tax return or most recent tax return plus any extensions. Please do not include any schedules.
- A quarterly employment wage report submitted to the New Mexico Department of Workforce Solutions for any quarter ended March 31, 2019 or later. If no report is provided, applicant will be considered a non-employer business;
- applicant's NAICS Code;
- bank account information including a copy of a canceled check, voided check, or direct-deposit form issued by your financial institution; and
- copy of the New Mexico driver's license or government-issued identification card for the authorized officer and all New Mexico resident owners that make up at least 51% of the business.

If the business owners do not have a New Mexico driver's license, they must submit their driver's license or government-issued identification card from any state, plus one of the following:

- 2019 New Mexico personal income tax return for the business owner showing New Mexico residency
- A utility bill, bank statement, or credit-card statement with the business owner's name and physical NM address dated within the past 60 days
- A local property tax statement with the business owner's name and physical NM address dated within the past 60 days
- A rent or mortgage statement with the business owner's name and physical NM address dated within the past 60 days

Applications that do not have the required documents are considered incomplete. Incomplete applications will be considered the lowest priority and may result in decline. NMFA staff will inform applicants through email regarding missing attachments. Applicants should watch their inbox, junk folder and spam filters for email from @nmfa.net, and @formstack.com emails notices.

NMFA may request additional information to verify residency, number of employees, measurement of severe economic impact, or anything else needed to evaluate the application.

How do I find my NAICS code?

On your federal tax return or Form 990, your NAICS code is called "Business Code." This grant application only requires the first two digits of your NAICS code. Your business NAICS code can be located on the following tax forms:

- Sole Proprietors - Form 1040 Schedule C: page 1 Box B
- Partnerships, LLC's, LLP's etc. - Form 1065: page 1 Box C
- S-Corporation - Form 1120S: page 1 Box B
- Corporation - Form 1120: page 4 line 2a
- Non-Profit - Form 990: page 9, line 2a-e

If you are a new business that doesn't have a 2019 tax return, choose the NAICS code that best fits your business from the drop-down list.

How is "New Mexico Resident" defined?

"New Mexico Resident" means an individual who has certified that the individual is domiciled in this state during any part of the year or that the individual was physically present in this state for at least 185 days during the taxable year, as evidenced by a valid New Mexico state-issued driver's license or government-issued identification card.

If the business owners do not have a New Mexico driver's license, they must submit their driver's license or government-issued identification card from any state, plus one of the following:

- 2019 New Mexico personal income tax return for the business owner showing New Mexico residency
- A utility bill, bank statement, or credit-card statement with the business owner's name and physical NM address dated within the past 60 days
- A local property tax statement with the business owner's name and physical NM address dated within the past 60 days
- A rent or mortgage statement with the business owner's name and physical NM address dated within the past 60 days

My business opened in 2020. Am I eligible to apply?

Yes, as long as you received your Federal Employer Identification Number or other proof of your business plans (business license, tax id#, registration with NM Tax and Revenue Department, business loan documents) prior to April 1, 2020. This proof will need to be submitted with your application.

What should I submit instead of a 2019 business tax return if my business opened in 2020?

Businesses should submit a copy of their FEIN application or confirmation of their FEIN. Sole proprietors should provide one of the following documents dated prior to April 1, 2020: a business license; registration with the New Mexico Taxation and Revenue Department; tax identification number; business loan documents; or any proof in the name of the business that you were planning to open prior to April 1.

If my business is too new to have filed quarterly wage reports, am I still eligible to apply?

Yes. If you paid employees in October and/or November 2020, you may submit third-party payroll tax reports submitted to the State of Federal government on behalf of the business such as: ADP, Paychecks, or Intuit Payroll.

Can an owner apply for multiple businesses?

Yes, as long as the businesses have different Federal Employer Identification Numbers (FEIN).

How do I demonstrate the number of employees?

The grant amount is based on the number of employees a business has. Proof of number of employees is required, and acceptable documents include:

- IRS Form 941
- Department of Workforce Solutions (DWS) Employer Report on Wages, form ES903a.
- Other documents that will be listed in the application.