

* * * Department of Economic Development * * *

Sec. D.1. RESTART VERMONT LOAN AND GRANT PROGRAM

(a) Authorization; purpose.

(1) The Agency of Commerce and Community Development, in partnership with participating nonprofit lenders, shall establish a Restart Vermont Loan and Grant Program to provide economic support to businesses with less than \$1,000,000 in gross revenue and fewer than five employees.

(2) The program will encourage the state's non-profit lending network to utilize more than \$10 million in unutilized capital to help with the COVID-19 response by:

(A) Creating a loan guarantee program at the Vermont Community Loan Fund that participating lenders may access in the event of an eligible loan's failure.

(B) Providing an interest rate subsidy to participating lenders when they make an eligible loan to a business or non-profit to assist with recovery from the COVID-19 closure.

(C) Providing grants to businesses and non-profit organizations that either closed or had a 40 percent reduction in revenue due to the COVID-19 pandemic.

(b) Eligible borrowers and grantees. Participating lenders may make loans and grants to:

(1) Businesses with employees in the State of Vermont and that are in the form of a corporation, partnership, sole proprietor, independent contractor, for-profit business, private non-profit, or agricultural enterprise;

(2) A business closed or open at a reduced level as a result of the COVID-19 pandemic, provided that a closed business has a good faith plan to reopen;

(3) a business in operation prior to February 15, 2020;

(4) a business with no greater than five full-time employees or their equivalent and which cannot be adequately served by the Restart Vermont Emergency Action Grants Program or the Vermont Economic Injury Disaster Loan and Grant Program;

(5) a business that has not received a grant or loan through the Restart Vermont Emergency Action Grants Program or the Vermont Restart Loan and Grant Program;

(6) a business with annual gross revenue of less than \$1 million as determined by a submitted tax return for 2018 or 2019; and

(7) A business that attests to having unmet need related to the COVID-19 pandemic.

(c) Eligible uses.

(1) Participating lenders may use the funds to make loans and grants to businesses and non-profit organizations. The eligible uses of these funds include:

(A) Working capital;

(B) Payment of fixed costs, including mortgage and rent;

(C) Accounts payable;

(D) Tax payments;

(E) Payroll;

(F) Costs incurred to change business strategy, delivery method, or other operational changes in response to COVID-19 impact;

(G) Business services, including marketing and consulting;

(H) Other bills ordinarily paid from on-going operations prior to the COVID-19 pandemic; and

(I) Loan payments for loans originated before April 1, 2020, where the proceeds were used to support the operations of a business.

(2) Participating lenders receiving an allocation of funds under the Restart Vermont Loan and Grant Program may use a portion of their

allocation to subsidize not greater than 3 percent of the interest on any loan made for one or more of the eligible uses described above.

(3) Participating lenders may use up to 2.5% of the funds awarded under this act to pay for administrative costs associated with participating in the program.

(d) Ineligible uses. No funds from the Restart Vermont Loan and Grant Program shall be used for any of the following purposes:

- (1) Business expansion not related to COVID 19 impact;
- (2) Physical repairs;
- (3) Acquisition of real property;
- (4) Construction of renewable energy projects;
- (5) Payment of bonuses or dividends; and
- (6) Debt consolidation or refinancing of long-term debt.

(e) Loan amount; terms.

(1) Participating lenders will use their existing capital, and the existing capital of other non-profit lenders and municipalities, to make loans.

(2) To be eligible to participate in the Vermont Community Loan Fund loan guarantee program [established pursuant to this act] and to use funds appropriated in this act to subsidize the interest of a loan, each loan must conform to the following criteria:

- (A) Not exceed \$20,000;
- (B) Be a minimum of a five-year term;
- (C) Have an effective interest rate of zero percent;
- (D) Made to a proprietor with a credit score of at least 620. In the event the business has multiple owners, the lender may accept the highest credit score; and

(E) Made only after a complete application using VCLF's approved template was submitted by the loan recipient.

(f) Grant amount; terms.

(1) Eligible applicants for a grant must demonstrate:

(A)(i) They were closed for at least 30 days due to the pandemic; or

(ii) They had a reduction in gross sales of at least 40 percent for any one-month period between March 1, 2020 and September 1, 2020 as compared to the same one month period between March 1, 2019 and September 1, 2019;

(B) They applied for a Small Business Administration Economic Injury Disaster Loan or the Small Business Administration's Paycheck Protection Program after March 1, 2020; and

(C) They applied for a loan from a participating lender.

(2)(A) Applicants will apply for a Restart Vermont Grant through a participating lender when they apply for a loan from that lender.

(B) Participating lenders may make grants to eligible applicants for the payment of operating expenses in a maximum not greater than \$25,000.

(C) Participating lenders will calculate the amount of a grant by employing the following formula as a standard basis for estimating expenses across all Vermont businesses: $(\text{Annual revenues} \times 10\%) \times 25\%$.

(3) If an applicant has received a Paycheck Protection Program Loan from the Small Business Administration, the participating lender shall calculate the amount of a grant using the following formula: $(\text{Annual revenues} \times 10\%) \times 20\%$.

(4) If an applicant has received an Economic Injury Disaster Grant from the Small Business Administration, the participating lender must reduce the grant awarded by an amount equal to the grant payment.