NJEDA
ECONOMIC DEVELOPMENT AUTHORITY

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June 5, 2020

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NOTICE OF FUNDING AVAILABILITY: SMALL BUSINESS EMERGENCY ASSISTANCE GRANT PROGRAM – PHASE 2

COVID-19 Outbreak
New Jersey Economic Development Authority (NJEDA)
Small Business Emergency Assistance Grant Program – Phase 2
Notice of Funding Availability: Application will open at 9:00 am on Tuesday, June 9, 2020
(Revised as of June 5, 2020)

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Overview

On March 9, 2020, Governor Phil Murphy issued Executive Order 103, declaring a State of Emergency and a Public Health Emergency to ramp up New Jersey's efforts to contain the spread of COVID-19. Subsequent containment measures were implemented, including restrictions on public gatherings and mandated closure of non-essential businesses. While these measures are consistent with similar measures being taken nationally that are expected to limit the public's exposure to COVID-19, there has been and will continue to be a significant adverse impact on our state's economy.

On March 26, 2020, the New Jersey Economic Development Authority (NJEDA) approved the creation of the Small Business Emergency Assistance Grant Program – an emergency grant funding program to provide funding as efficiently and quickly as possible to certain small and medium sized enterprises, i.e., businesses and non-profits (SMEs), that needed payroll and working capital support as a result of adverse economic impacts following the March 9, 2020 declaration of a State of Emergency and a Public Health Emergency.

The initial phase of the grant program focused on the smallest enterprises in targeted industries that were among the most adversely impacted by the containment measures. The NJEDA utilized $5 million from its own unrestricted monies, along with $2 million in funding contributed by the Casino Reinvestment Development Authority (CRDA) in support of impacted entities in Atlantic County, to fund the original Small Business Emergency Assistance Grant Program.

Utilizing $45 million in additional funding from the from the Coronavirus Relief Fund, as established under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, the NJEDA is implementing a second phase of the Small Business Emergency Assistance Grant Program with less restrictive eligibility requirements to assist a larger number of SMEs.

Purpose

The purpose of the Small Business Emergency Assistance Program – Phase 2 is to provide short-term, immediate payroll and working capital support to additional New Jersey SMEs, with fewer than 25 full-time employees (FTEs), that have been negatively impacted during the declared state of emergency, thereby helping to stabilize their operations and minimizing any potential furloughs and/or layoffs.

Under the initial phase of the program, eligibility was restricted to businesses of no more than 10 FTEs. In Phase 2, the employee eligibility cap is increased

to no more than 25 FTEs. Furthermore, the initial phase of the program restricted eligibility to entities that were operating under a very narrow set of industries as determined by the North American Industry Classification (NAICS) code. In Phase 2, the program is not restricted by NAICS code, with the exception of certain prohibited businesses as outlined below. In Phase 2, funding is also available to home-based businesses and sole proprietors registered within the State, both of which were ineligible under the initial phase of the program. Finally, eligibility for non-profit entities was originally limited to only 501(c)(3), 501(c)(4), and 501(c)(7) organizations. On June 9, 2020, Board approval will be sought to extend eligibility to all 501(c) organizations. All such organizations are welcome to apply; approval will be conditioned on Board approval (as well as other eligibility requirements).

Eligible Uses

Under the Small Business Emergency Assistance Grant Program – Phase 2, funding may be used for reimbursement of lost revenue as a result of business interruption caused by COVID-19 and may not be used for capital expenses, including construction.

Grant Amounts

In Phase 2, a similar methodology is utilized for calculating a grant award, with a larger potential maximum award amount of $10,000, increased from $5,000 in the initial phase of the Small Business Emergency Assistance Grant Program.

Specifically, eligible SMEs can now receive $1,000 per FTE up to the $10,000 maximum. A company that is a sole proprietorship or otherwise has no FTEs, would receive the minimum grant amount of $1,000. For the purpose of calculating the grant amount, the NJEDA will utilize the SME's most recent New Jersey WR-30 filing with the New Jersey Department of Labor and Workforce Development – any implied FTE calculations will be rounded to the nearest FTE, e.g., 2.24 FTE would be counted as 2 FTE for the program, whereas 2.50 or 2.75 FTE would be counted as 3 FTE. While the calculation of FTEs is based on weeks worked and wages, as reported on the WR-30 filing, in no event will a company receive grant funding based on a number of FTEs that exceeds the number of employees employed by the company, except that if a sole proprietor or other applying entity has no FTEs, it may be eligible for the minimum grant award of $1,000. For entities like sole proprietorships, the NJEDA will work with the Division of Taxation in the Department of Treasury, to identify tax filing status.

The minimum grant amount, per application, is $1,000. The maximum grant amount per application is $10,000 even in cases where an SME employs over 10 FTEs.

Eligible Applicants

Under the Small Business Emergency Assistance Grant Program – Phase 2, SMEs that were approved for grant funding in the initial phase of the program with 5 or fewer FTEs, will not be eligible for additional funding, as they will have already received their maximum funding amount of up to $5,000.

Eligible SMEs must have a physical commercial location in the State of New Jersey (e.g., an office, a physical point of sales, a warehouse, manufacturing facility, etc.), and home-based businesses must be located in New Jersey. Any non-profit applicants must be organized as either 501(c)(3), 501(c)(4), or 501(c)(7) entities to be eligible.

Prohibited businesses include, but are not limited to: gambling or gaming activities; the conduct or purveyance of "adult" (i.e., pornographic, lewd, prurient, obscene or otherwise similarly disreputable) activities, services, products or materials (including nude or semi-nude performances or the sale of sexual aids or devices); any auction or bankruptcy or fire or "lost-our-lease" or "going-out-of-business" or similar sales; sales by transient merchants, Christmas tree sales or other outdoor storage; and, any activity constituting a nuisance; or any illegal purposes.

The CEO/equivalent officer of each eligible SME must self-certify that the firm:

- Was in operation on February 15, 2020 (consistent with the federal Paycheck Protection Program implemented by the Small Business Administration);
- Will make a best effort not to furlough or lay off any individuals from the time of application through six months after the end of the declared State of Emergency on March 9, 2020 (SMEs that have already furloughed or laid off workers from the time of application must make a best-effort pledge to re-hire those workers as soon as possible) – any material breach of its best efforts certification may result in the NJEDA seeking repayment of the grant;
- Has been negatively impacted by the COVID-19 declared State of Emergency on March 9, 2020 (e.g., has been temporarily shut down, has been required to reduce hours, has had at least a 20 percent drop in revenue, has been materially impacted by employees who cannot work due to the outbreak, or has a supply chain that has materially been disrupted and therefore slowed firm-level production); and
- Has a material financial need that cannot be overcome without the grant of emergency relief funds at this time (e.g., does not have significant cash reserves that can support the SME during this period of economic disruption).

In addition, an eligible SME must show evidence, at the time of application, that the SME is registered to do business in the State of New Jersey, is in good standing with the New Jersey Department of Labor and Workforce Development, and meets the requirement by the Division of Taxation in the Department of Treasury to ensure that the applicant does not have tax debts due to the State. Evidence may be presented in the form of a certification by the applicant subject to repayment if the certification is not correct.

Each eligible SME may submit one application per Employer Identification Number, i.e., SMEs with multiple Employer Identification Numbers (EINs) can submit one application per EIN; and, businesses with multiple locations but only one EIN will be limited to one application (under the sole EIN).

Finally, additional eligibility requirements may apply, which will be based on any applicable Federal requirements related to the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, and may include, but not be limited to, a restriction on duplication of benefits that could exclude potential applicants that have already received Federal assistance, as well as a requirement that the applicant further demonstrate that it has had negative impacts from COVID-19.

Funding Disbursement

Funding to be fully disbursed as quickly as possible upon approval of grant application.

Of the total funding available, $15 million will be set aside from all contributed or donated funds to support entities that meet all other applicable eligibility criteria and have a commercial business address (or home address for home-based businesses) located (fully or partially) in a census tract that was eligible to selected as New Jersey Opportunity Zone (i.e. a New Market Tax Credit census tract). Any amount of the set aside that remains after processing all applications from entities in Opportunity Zone eligible census tracks, may be used for any other applicant.

Application Process

In expectation that the grant program will be oversubscribed, online applications will be accepted on a first-come, first-served basis, based upon the date in which the Authority receives a completed the application submission. The NJEDA will review applications in the order in which they are received.

Fees

Due to financial hardship, no fees will be collected by the Authority for this program.

Additional Information

Additional information on the Small Business Emergency Assistance Grant Program – Phase 2 may be found at http://cv.business.nj.gov.

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