

Vermont Economic Bridge Grants

The majority of hospitality businesses did not qualify given the eligibility requirements.

Tax Loss Eligibility Requirement

You can't spend money you don't have. Many businesses have long lists of expenses such as deferred maintenance, labor based projects, forgone/delayed salaries etc that put them in the red however they don't show up on tax documents because unless you get a loan you can't spend money you don't have. Getting additional loans isn't an option for many businesses that are already highly leveraged.

Even a \$1 profit on a tax return would render a business ineligible.

Many small businesses which are single operators or under 10 employees have forgone taking a salary and they and their families have been forced to make huge sacrifices. In many cases they made less than they would had they been on unemployment.

Award Amount = 3 Months of Fixed Expenses

In the rare case that a business did qualify for the grant award. The award itself was calculated by using only a few eligible fixed expenses including:

- Commercial mortgage or rent
- Insurance, electricity
- Heat, water
- Sewer service
- Telecommunications Service
- Internet service.

These expenses are extremely limiting and do not represent the wide range of necessary fixed expenses hospitality businesses encounter.

The award amount would be reduced if the expenses exceeded the net tax loss of the business. For example if a business showed a tax loss of \$500 and 3 months of their fixed expenses was equal to \$10,000 the award could not exceed \$500.

Hospitality businesses have been running a marathon since March of 2020, experiencing a disproportionate amount of government closures, operating restrictions and consumer hesitancy. In order to make it across the finish line the runner needs sustenance every couple of miles. The VT Economic Recovery Grants and federal assistance programs have been a very necessary lifeline and without them many in the hospitality sector would have collapsed with no chance of finishing the race.

We urge the legislature to adjust the eligibility requirements and formula as proposed. The eligibility requirements and award calculation closely mirror that of the second round of VT Recovery Grants. That round of funding was vital and successful in ensuring the hospitality sector continued to run throughout 2021.

Hospitality businesses are drowning and desperately need cash to address these immediate needs and get out of the red. Once they are back to treading water they will be positioned properly to meet the forecasted increased demand for their services in the spring, summer & fall of 2022.

Proposed Grant Award Eligibility & Calculation:

Eligibility Requirements

- The business is open for business at the time of application.
- The business was in operation on or before February 15, 2020
- The business is organized and operated on a for-profit basis, including a sole proprietor, partnership, limited liability company, business corporation, cooperative, or mutual benefit enterprise
- The business is domiciled or has its primary place of business in Vermont
- The business earns 50% or greater of it's gross receipts within the hospitality sector. The hospitality sector shall be defined as restaurants, travel, lodging & accommodations and weddings.
- The business experienced a 25 percent or greater reduction in total sales during the 8 month period from October 1, 2020 to May 31, 2021 as compared to the 8-month period from October 1, 2020 to February 29, 2020 & March 1, 2019 - May 31, 2019*.

*Ideally March 2020 - May 2020 would be used for a comparison. However those were months of total lockdown for the hospitality sector so we look back to those months in 2019 for the most accurate reference for comparison.

Grant Award Calculation

The grant award shall be equal to the businesses revenue loss over the 8 month period from October 1, 2020 to May 31, 2021 minus federal assistance received. Sample calculations are provided.

Annual Gross Receipts Under 300K

Grant Award Calculation			
8 Month Period with Travel, Gathering & Operating Restrictions			
	10/1/2020 - 5/31/2021		Total Receipts
Gross Receipts	\$33,500		\$33,500
Revenue Comparison Period			
	10/1/2019 - 2/29/2020	3/1/2019 - 5/31/2019	Total Receipts
Gross Receipts	\$64,300	\$59,100	\$123,400
		Gain/Loss	\$89,900
Federal Assistance Received			
Forgiven PPP (During 8 Month Period 10/1/20 - 5/31/21)			\$58,000.00
Other Federal Grants			\$0.00
		Unmet Need/Award	\$31,900.00
		Loss >25%	YES

Annual Gross Receipts Under 600K

Grant Award Calculation			
8 Month Period with Travel, Gathering & Operating Restrictions			
	10/1/2020 - 5/31/2021		Total Receipts
Gross Receipts	\$119,452		\$119,452
Revenue Comparison Period			
	10/1/2019 - 2/29/2020	3/1/2019 - 5/31/2019	Total Receipts
Gross Receipts	\$242,560	\$82,701	\$325,261
		Gain/Loss	-\$205,809
Federal Assistance Received			
Forgiven PPP (During 8 Month Period 10/1/20 - 5/31/21)			\$37,100.00
Other Federal Grants			\$0.00
		Unmet Need/Award	\$168,709.00
		Loss >25%	YES