



State of New Jersey Announces Additional Funding to Assist Small Businesses Impacted by COVID-19: Applicants Must Pre-Register by October 27th

Client Advisories

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The State of New Jersey has announced its plans to use \$100 million of federal CARES Act funding to assist the State's recovery from the COVID-19 pandemic. As part of the State's announcement, two programs that are targeted to help small businesses will receive the bulk of the funding. Approximately \$70 million will be used to fund Phase 3 of the New Jersey Economic Development Authority's ("EDA") Small Business Emergency Assistance Grant Program. An additional \$10 million will be used to help small businesses purchase personal protective equipment ("PPP").

Small Business Emergency Assistance Grant Program

Phase 3 of the Small Business Emergency Assistance Grant program will focus on restaurants, micro-businesses (defined as those having between 0 and 5 FTEs) and certain other eligible businesses. **Applicants must pre-register for this funding prior to 5pm on Tuesday, October 27th and pre-registration is open now.** Grant applications for restaurants who properly pre-register with the EDA by October 27th will start being accepted on October 29th, while grant applications for qualified micro-businesses who properly pre-register with the EDA by October 27th will start being accepted on October 30th. Other eligible businesses who properly pre-register with the EDA by October 27th will be able to apply beginning on Monday, November 2nd. Pre-registration for all categories is now open and is NOT first come, first-served, but interested applicants are encouraged to pre-register as soon as possible. Actual grant applications for each category will be accepted by the EDA for a period of one week only and will be accepted on a first-come, first-served basis. It is expected that these grant funds will be largely oversubscribed so pre-registration is a requirement and interested applicants will have the opportunity to submit business information in advance of the application release and receive the application once it goes live. Interested parties may access the Pre-Registration [here](#).

The program is designed to assist certain small and medium-sized enterprises, including businesses and non-profits that need payroll and working capital support as a result of the pandemic. Phases 1 & 2 of the program previously focused on applicants within certain targeted size classifications (10 FTEs and 25FTEs respectively) that were negatively impacted by COVID-19. The third round of the program is designed to loosen eligibility requirements for small businesses with no more than 50 FTEs and dedicate funding toward restaurants and micro-businesses. Specifically, \$35 million of the \$70 million funding for Phase 3 will be dedicated to businesses classified as “Food Services and Drinking Places” while \$15 million will be reserved for micro-businesses. Other small businesses with between 6 and 50 FTEs will receive up to \$20 million of the funding. Depending on the type of business and number of employees, grants will range in size from \$5,000 - \$20,000.

Unlike prior rounds, there will be no requirement that the business be within the narrow set of industries covered by a North American Industry Classification Code. Funding in this phase will also be available to home-based businesses and sole proprietorships. Registered 501(c)3 entities will also be eligible. While capital expenses/construction is not a permissible use of the funds, the program will reimburse successful applicants for lost revenue resulting from the pandemic and provide working capital and payroll funding. As with previous rounds of funding, businesses and non-profits in certain industries (gaming, lobbying, adult-oriented businesses among others) will be ineligible for the programs.

Small and Micro-Business PPP Access Program

The EDA will also be establishing a Small and Micro-Business PPP Access Program in late October. Businesses with 100 or fewer employees will be eligible to receive grants in the form of automatic discounts on PPP that is purchased from EDA-approved vendors. Additional information on this newly established program will be forthcoming.

Should you have any questions regarding this information, please reach out to your Archer attorney or any member of Archer’s **COVID-19 Task Force**.

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