

Revised 7/20/2022

Guidelines For  
Financial Assistance

**New York State  
Seed Funding Grant Program**



**State of New York**  
Kathy Hochul, Governor  
**Empire State Development**

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## **I. Overview**

The New York State Seed Funding Grant Program (the “Program”) was created to provide assistance to early-stage small businesses to succeed in a recovering New York State economy.

## **II. Definitions**

- “Small business” shall mean a business which is resident in New York State, independently owned and operated, not dominant in its field, and employs one hundred or less persons, was started on September 1, 2018 or later and has been operational for a minimum of six months prior to application with gross receipts that do not exceed \$1,000,000 per annum.
- "Micro-business" shall mean a small business which is resident in New York State, independently owned and operated, not dominant in its field, and employs ten or less persons.
- “For-profit independent arts and cultural organization” shall mean a small or medium sized private for-profit, independently operated live-performance venue, promoter, production company, or other performance related small business, including independent arts contractors, located in New York State negatively impacted by COVID-19 health and safety protocols, and having one hundred or less full-time employees, excluding seasonal employees.
- "COVID-19 health and safety protocols” means any restrictions imposed on the operation of businesses by executive order 202 of 2020 issued by the governor, or any extension or subsequent executive order issued in response to the COVID-19 pandemic, or any other statute, rule, or regulation imposing restrictions on the operation of businesses in response to COVID-19.

## **III. Eligible Business Qualifications**

Small businesses, Micro-businesses and For-profit independent arts and cultural organizations, including independent arts contractors submitting an application for a grant award to the Program (collectively, “Eligible Applicants”) must:

- 1) Be incorporated in New York State or licensed or registered to do business in New York State and must be resident in the State of New York;
- 2) Be a currently viable Micro-business, Small business, or For-profit arts and cultural organization including independent arts contractors that started business on September 1, 2018 or later and has been operational for at least six months before an application is submitted;
- 3) Have between five thousand dollars (\$5,000) and one million dollars (\$1,000,000) in gross receipts per annum as reflected on their most recent Federal Business Tax Return (line 1a, IRS Form 1120 or 1065; line 1 IRS Form 1040 Schedule C) or be able to

demonstrate five thousand dollars (\$5,000) in business expenses for businesses that have not yet filed a Federal Business Tax Return;

- 4) Be in substantial compliance with applicable federal, state and local laws, regulations, codes and requirements;
- 5) Not owe any federal, state or local taxes, or have an approved repayment, deferral plan, or agreement with appropriate federal, state, and local taxing authorities;
- 6) Not qualify for business assistance grant programs under the federal American Rescue Plan Act of 2021 or any other available federal COVID-19 economic recovery or business assistance grant programs, including loans forgiven under the federal Paycheck Protection Program, or are unable to obtain sufficient business assistance from such federal programs.\*

\* Eligible Applicants may have received or been awarded the following federal assistance:

- Paycheck Protection Program loans totaling \$250,000 or less.
  - Economic Injury Disaster Loan (EIDL) for COVID-19 of any size.
  - COVID-19 EIDL Advance Grant of any size.
  - COVID-19 EIDL Supplemental Targeted Advance Grant of any size.
  - SBA Shuttered Venue Operators Grant of any size.
  - Restaurant Revitalization Fund Grant of any size.
- 7) Did not qualify for business assistance under the New York State COVID-19 Pandemic Small Business Recovery Grant Program.

#### **IV. Additional Information**

- Eligible Applicants must provide evidence, acceptable to New York State that the Eligible Applicant is operational and meets the program requirements.
- As part of the application each micro-business, small business, or for-profit arts and cultural organization including independent arts contractors shall provide sufficient documentation in a manner prescribed by ESD to demonstrate program qualification, and prevent fraud, waste, and abuse. Only one grant per business EIN or SSN allowed.
- Due to a limited amount of funding and the high volume of requests expected, business type, geography and industry may factor into ability to receive a grant.
- Priority will be given to socially and economically disadvantaged business owners including, but not limited to, minority and women-owned business enterprises, service-disabled veteran-owned businesses, and veteran-owned businesses, or businesses

located in communities that were economically distressed prior to March 1, 2020, as determined by the most recent Census data.

## **V. Grant Amounts**

For firms that have already filed a Federal Tax Return for operations:

- Grant awards will be calculated based upon the annual amount of gross receipts as shown on their provided 2020 or 2021 business tax return.
  - Businesses with \$5,000 and up to \$49,999.99 in gross receipts: Award is \$5,000/business.
  - Businesses with \$50,000 - \$99,999.99 in gross receipts: Award is \$10,000/business.
  - Businesses with \$100,000 - \$1,000,000 in gross receipts: Award is 10% of Gross receipts with a maximum grant amount of \$25,000/business.

For firms that have NOT filed a Federal Tax Return for operations thus far:

- Award is \$5,000/business.

## **VI. Ineligible Businesses**

- All Non-Profits, Churches and other religious institutions; and
- Government-owned entities or elected official offices; and
- Businesses primarily engaged in political or lobbying activities;
- Landlords and passive real estate businesses.

## **VII. Documentation Requirements**

- For Proof of Gross Receipts and date of formation:
  - Most recently filed 2020 or 2021 Federal Business tax return (If business has filed a return since beginning operation).
- Proof of Business Organization (and date of formation if tax document is not available - provide one (1) of the following):
  - Current Business License; or
  - Articles of Organization; or
  - Certificate of Assumed Name (DBA); or
  - NYS Certificate of Authority; or
  - Certificate of Incorporation; or
  - Proof of assignment of EIN by Internal Revenue (IRS Form CP-575); or
  - NYS municipality issued document showing authorization to operate in NYS.

- For Independent Arts Contractors only, proof of business organization and past operations may also be satisfied through the submission of the following:
  - List of performance activities for the six months prior to application; and Proof of these arts performances taking place by providing:
    - Copy of the executed legal contract that describes the performances with proof of payment; or
    - A 1099 for the payment of the performance/s, and a third-party affidavit describing the engagement, naming the arts contractor, and providing information on the payment of the performance; and
    - Any other documentation ESD and the grant administrator may request to verify that the contractor is operating as an independent arts contractor.
  - All other requirements set forth in these Guidelines remain applicable to and for Independent Arts Contractors.
  
- Proof of business location in NYS - any one (1) of the following documents:
  - Current lease; or
  - Current utility bill; or
  - Current business mortgage statement; or
  - Business credit card statement; or
  - Professional insurance bill; or
  - Payment processing statement; or
  - NYS ST-809 or ST-100 sales tax collection documentation; or
  - Most recently filed NYS 45 Document.
  
- Schedule of ownership: Listing of names, addresses, Social Security numbers or ITIN numbers, phone numbers, e-mails, percentage ownership, and photo ID for any owners with more than 20% ownership of business.
- Prior three months of bank statements for business bank account showing current activity (statements should reflect sufficient flows to demonstrate required expenses for businesses that have yet to file a tax return).
- For funds distribution: W-9 and business bank account information. Business bank account required for funds distribution.
- Additional documentation regarding proof of expenses may be requested as determined by the grant processing agent.

### **VIII. Eligible Costs**

The following costs incurred between September 1<sup>st</sup>, 2018 and January 1<sup>st</sup>, 2022 shall be considered eligible for the program. These include:

- Payroll costs; or

- Commercial Rent or mortgage payments for NYS-based property; or
- Payment of local property or school taxes associated with a small business location in NYS; or
- Insurance costs; or
- Utility costs; or
- Costs of personal protection equipment (PPE) necessary to protect worker and consumer health and safety; or
- Heating, ventilation, and air conditioning (HVAC) costs; or
- Other machinery or equipment costs; or
- Supplies and materials necessary for compliance with COVID-19 health and safety protocols; or
- Other documented COVID-19 costs as approved by ESD.

#### **IX. Ineligible uses of funds**

- Grants awarded under the Program shall not be used to re-pay or pay down any portion of a loan obtained through a federal coronavirus relief package for business assistance or any New York State business assistance programs.