

# COVID-19: Emergency Financial Assistance for Illinois Small Businesses

*By Starr M. Rayford and Maureen E. Loughran*

## INTRODUCTION

In the wake of the coronavirus pandemic, the Illinois Department of Commerce and Economic Opportunity (IDCEO) has created three programs offering emergency financial assistance to small businesses. Under these programs, Illinois businesses with fewer than 50 employees can apply for low-interest loans and grants. The first program has an **April 1<sup>st</sup> deadline**, so hospitality businesses seeking emergency financial assistance should act immediately.

## HOSPITALITY EMERGENCY GRANT PROGRAM

The Hospitality Emergency Grant Program offers grants to restaurants and bars to help with certain operational expenses. Restaurants and bars that generated less than \$1 million in revenue in 2019 and hotels that generated less than \$8 million in 2019 may apply for these grants. Restaurants and bars that earned less than \$500,000 in revenue in 2019 are eligible for up to \$10,000 in grants. Restaurants and bars that earned \$500,000 to \$1 million in 2019 are eligible for up to \$25,000 in grants.

In order to apply for these grants, business applicants must hold a valid restaurant or liquor license. Grant funds may only be applied to working capital expenses (payroll, rent, and other fixed operations costs), job training, and technology (specifically related to handling increased demands for delivery and carryout). The application deadline is April 1, 2020. Grant awards will be determined through a lottery and winners will be notified on April 4, 2020.

Hospitality Emergency Grant Application: <https://surveymonkey.com/r/ilgrant>

## ILLINOIS SMALL BUSINESS EMERGENCY LOAN FUND

The Small Business Emergency Loan Fund will offer Illinois businesses up to \$50,000 in loan funds to be used as working capital. The loans are for a five-year term with a three percent annual interest rate. Loan repayment obligations will be suspended for six months following receipt of the funds. Loan recipients can repay the loan early without any penalty. The loan proceeds must be used as working capital and at least 50 percent of the proceeds must be used for employee compensation (payroll, salaries, wages, tips, paid leave, or healthcare benefits).

In order to qualify as an applicant for the Emergency Loan Fund, a business must (i) hold an Illinois business license, (ii) employ fewer than 50 employees, (iii) have been operational for over one year, (iv) earned less than \$3 million in gross revenue in 2019, and (v) be located outside of the City of Chicago. The loan program is specifically intended to support businesses impacted by COVID-19. To this end, a loan applicant must be able to demonstrate that they it has experienced at least a 25 percent reduction in

revenue owing to the pandemic. Loan applicants are also advised to be prepared to share their most recent tax returns and bank statements from October 2019 to the present.

Businesses wishing to apply to the Illinois Small Business Emergency Loan Fund must complete the required application form. There is no deadline to apply to the program, but interested businesses are encouraged to apply early. The first wave of successful applicants will be notified April 1, 2020.

**Small Business Emergency Loan Expression of Interest Form:**

<https://www2.illinois.gov/dceo/SmallBizAssistance/pages/IllinoisSmallBusinessEmergencyLoanFund.aspx>

## DOWNSTATE SMALL BUSINESS STABILIZATION PROGRAM

The Downstate Small Business Stabilization Program is repurposing \$20 million in U.S. Dept. of Housing and Urban Development (HUD) community development funds to award grants (up to \$25,000) to small businesses impacted by the coronavirus emergency. Grant awards will be determined by the business's 60-day working capital needs. Applicants will be required to provide support for all claimed working capital expenses.

In order to apply for the grant, interested businesses must partner with a municipality. Only governmental units (cities, municipalities, villages, etc.) may submit applications on behalf of business applicants. Applications may only be submitted on behalf of Illinois businesses employing less than 50 people. Communities that receive direct funding from HUD are ineligible to apply to the Downstate Small Business Stabilization Program. A listing of ineligible counties and cities is provided below.

The IDCEO hopes to award grants under this program within 30 days of receipt of the application. Grants will be awarded on a rolling basis, as applications are received. There is no application deadline, but interested businesses are encouraged to partner with the appropriate municipality to submit an application sooner rather than later.

**Ineligible Counties:**

Cook, DuPage, Kane, Lake, Madison, McHenry, St. Clair and Will.

**Ineligible Cities:**

Arlington Heights, Aurora, Berwyn, Bloomington, Champaign, Chicago, Cicero, Danville, Decatur, DeKalb, Des Plaines, Elgin, Evanston, Hoffman Estates, Joliet, Kankakee, Moline, Mount Prospect, Naperville, Normal, Oak Lawn, Oak Park, Palatine, Pekin, Peoria, Rantoul, Rockford, Rock Island, Schaumburg, Skokie, Springfield, Urbana and Waukegan.

**Downstate Small Business Stabilization Application Materials:**

<https://www2.illinois.gov/dceo/CommunityServices/CommunityInfrastructure/Documents/Uniform%20Application%20Accessible%20and%20Enabled%20for%20DSBS.pdf>

If you have questions about the financial assistance available to small businesses, please contact your Lawrence Kamin attorney.

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