

State of Tennessee
Coronavirus Relief Fund
Supplemental Employer Recovery
Grant Program
Frequently Asked Questions
UPDATED 12/10/20

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Program Overview

1. What is the Supplemental Employer Recovery Grant Program?

Answer

The Supplemental Employer Recovery Grant (“SERG”) program exists to reimburse small businesses for eligible direct expenses or costs incurred as a result of business interruption due to the COVID-19 pandemic.

Grant funds can be used to support the cost of business interruption due to COVID-19 as a result of required closures, voluntary closures to promote physical distancing, or decreased customer demand. Eligible costs are those that have not been covered by business interruption insurance proceeds, Small Business Administration Paycheck Protection Program loans, Small Business Administration Economic Injury Disaster Loan or other federal funds.

2. Is there any cost associated with applying / receiving the Grant?

Answer

No. However, SERG program grants are considered taxable income by the Internal Revenue Service.

3. What period of expenses does this program cover? *EXPANDED & UPDATED 12/10/20*

Answer

First period for assessment: May 1, 2020 – August 31, 2020

Second period for assessment: September 1, 2020 – November 30, 2020

4. How much assistance can one business receive?

Answer

Awards are based either on costs necessarily incurred to respond to the COVID-19 public health emergency or the costs of business disruption, whichever are greater. Applicants will be required to submit support for costs associated with responses to the COVID-19 emergency or support to prove business disruption. Awards are capped at \$30,000, except that businesses located in low to moderate income (“LMI”) census tracts, Opportunity zones, or Promise zones will receive an additional \$500 added to the maximum allowable expenses.

5. Are there funds dedicated for Diversity Business Enterprises?

Answer

Yes. The state has reserved 10% of the program total for grants to eligible diversity business enterprises classified as a Minority Business Enterprise (“MBE”), Women Business Enterprise (“WBE”) or Service – Disabled Veteran Business Enterprises (“DSVBE”) and Enterprise owned by Disabled Persons (“DSBE”).

Eligibility for the Diversity Business Enterprise reserve will be determined:

- a. In accordance with the ownership requirements for each class of Diversity Business Enterprise defined in the SERG Program Recipient Guidelines Appendix I. SERG Program Definitions by providing appropriate supporting documentation. (disability documentation, long-form birth certificate, etc.)
- b. By being registered with the Governor's Office of Diversity Business Enterprise ("GO-DBE"). For additional information on the GO-DBE program please visit its website. <https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/governor-s-office-of-diversity-business-enterprise--godbe--.html>
- c. By providing Current proof of certification/registration with local state or federal government agencies, including but limited to the [SBA 8\(a\)](#) program, [TN Dept of Transportation](#), an airport authorities ([BNA](#), [MEM](#), [TYS](#), etc.), [Metro-Davidson](#), [Knox](#), [Shelby Counties](#), [City of Memphis](#) or private certifying organizations including the [Women's Business Enterprise Council](#) (WBEC), [Minority Supplier Diversity Council](#) and [Mid-South Minority Business Continuum](#). A self-certification program is not acceptable proof of DBE status.

6. Does a business have to be certified with the state of TN as a WBE, MBE, or DSVBE?

Answer

No. This program does not require the business to have previous certifications under the GO-DBE Program in the State of Tennessee. For additional information on the GO-DBE program please visit its website.

<https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/governor-s-office-of-diversity-business-enterprise--godbe--.html>

7. How should 501(C)3 and 501(C)19 annual revenues (receipts) be calculated?

Answer

501(C)3 and 501(C)19 should calculate annual revenues (receipts) in accordance with the instructions for IRS form 990 line 12. Please see link below for additional information on IRS form 990. Revenues (receipts) should be calculated in accordance with these instructions even if the non-profit entity is not required to file a 990.

<https://www.irs.gov/charities-non-profits/form-990-resources-and-tools>

8. How will recipients receive payment?

Answer

Payment will be made on a reimbursement basis. Once applicants are notified that funds have been allocated, they will receive access to the Tennessee Cares Act Management System ("TN CAMS") to submit a Request For Funding ("RFF") for the estimated benefit calculated on the application and associated documentation. Upon review and approval of each RFF, checks will be mailed to the recipient's address submitted on the application.

9. Who do I contact if I am having trouble accessing the TN CAMS system after a receive my acceptance notification?

Answer

If you are experiencing technical difficulties with the TN CAMS system, please email support@TNCARESAct.com and a customer support representative will contact you.

Eligibility

1. Is my business eligible to receive a payment under the SERG Program?

Answer

To be eligible, businesses must meet the following requirements:

- As of August 31, 2020, is a Domestic Business in the State of Tennessee or is a business formed in another state that primarily operates in Tennessee with at least one physical location in Tennessee.
- Is not a subsidiary of a business with consolidated annual revenues(receipts) in excess of \$10 million.
- Is registered with the Secretary of State, registered with the Department of Revenue, or files a federal Schedule C as of August 31, 2020.
- Has been operational since April 1, 2020, with the exception of temporary closures due to COVID-19 and can provide documentation that shows the business has been in operation for that time period.
- Provides proof of economic hardship due to COVID-19 related interruption of business or has eligible direct business expenses due to COVID-19.
- Has not engaged in any illegal activity per local, state or federal laws or regulations, with federal compliance taking precedence over local or state compliance.
- Does not exist for the purpose of advancing partisan or other political activities, such as directly lobbying federal or state officials.
- Is a for-profit entity or a 501(c)(3) or 501(c)(19) not-for-profit entity.
- Has not already received the maximum award under the Supplemental Employer Recovery Grant Program.

2. If I received funding under the original TN Business Relief program, can I apply for funding under the SERG Program?

Answer

Yes. Businesses who otherwise meet the criteria of this program are still eligible even if they've received a payment from the Tennessee Small Business Relief Program, as long as this award is not duplicative of an award under other federal funding sources.

3. Which businesses are ineligible to receive payments under the Supplemental Employer Recovery Grant Program?

Answer

The following businesses are ineligible to request or receive business relief assistance:

- Lending and investment institutions
- Insurance companies
- Racetracks or gambling facilities
- Businesses owned by State of Tennessee employees or their family members living within the household
- Businesses engaged in any illegal activity per local, state or federal regulations, with federal regulations taking precedence over local or state regulations
- Businesses that did not continue operations during the last 6 months
- Businesses that are not registered with the Secretary of State, nor registered with the Department of Revenue, nor filing a federal Schedule C as of August 31, 2020
- Businesses with no activity in the state of Tennessee

4. What expenses are eligible for reimbursement under the SERG program?

Answer

Eligible expenses include those costs incurred by the business to meet public health requirements or recommendations enacted, adopted, required, or issued by the Tennessee Department of Health, the Centers for Disease Control, state or federal regulatory authorities, and/or local, state or federal executive authorities due to COVID-19. This includes:

- Costs to create social distancing measures
- Costs to clean or disinfect areas due to COVID-19
- Personal protective equipment for employees or customers
- Contactless equipment
- Equipment, items or other expenses to screen employees or customers to ensure they are not positive for COVID-19
- Equipment or items designed to track employees or customers who have tested positive for COVID-19
- Necessary re-opening expenses
- Expenses to facilitate teleworking

Business interruption is also a qualifying use for these funds. Specifically, a business may seek funds under this program to reduce the impact COVID-19 had on their net income. To be eligible under this category, a business will need to show their net income for the Expense Period (May 1, 2020 – August 31, 2020 and/or September 1, 2020 – November 30, 2020) compared to their net income for that same period in 2019. To calculate a “loss” and qualifying “business interruption” under this program, there must be a loss in net income from that period comparing 2019 to 2020. Eligible expenses for the eligible four-month period may include (if applicable to your specific business).

- Mortgage interest
- Payroll expenses
- Rent or lease or payment for real or personal property used for business purposes
- Utility payments for business properties
- Cost of critical business operations

5. Am I eligible to receive reimbursement for eligible expenses and business interruption?

Answer

No, you can claim the greater of either eligible expenses **or** business interruption up to the maximum allowable amount.

6. Am I eligible if I dissolved my business during the eligible period due to circumstances of COVID-19?

Answer

No. This program was designed to reimburse small businesses that were severely impacted by the COVID-19 pandemic but chose to remain in operation for at least 6 months ending on August 31, 2020. Therefore, for a business to be eligible under the SERG, Program the business must be able to provide proof of operation during the period May 1, 2020 to August 31, 2020, with the exception of temporary closures due to COVID-19.

7. Am I eligible to receive a payment under the Supplemental Employer Recovery Grant Program if my business has received another form of relief related to the COVID-19 pandemic, such as a forgivable loan under the Payroll Protection Program (PPP)? *UPDATED 12/10/20*

Answer

Yes, so long as the same expenses during the eligible periods (May 1, 2020 through August 31, 2020 and September 1, 2020 through November 30, 2020) were not reimbursed under any other federal program.

Example:

An organization received a \$100,000 PPP loan with payroll for the 10 weeks of 5/1-7/15/20 totaling \$100,000 used in the forgiveness calculation. Given the SERG Program’s eligible expense period, the expenses from 5/1 through 8/31 that are included in the forgiveness calculation will

be added back to the period net income. All other eligible expenses would qualify for grant applications if they were related to the COVID-19 pandemic.

8. What if my business has multiple locations? How will that impact my payment amount?

Answer

Gross revenues will be calculated for the business as a whole and not by individual location. A single payment will be issued to a qualified business, even if its return includes multiple locations. However, only revenue generated in the State of Tennessee will be eligible when determining business interruption calculation.

9. Are there restrictions on my use of a SERG Payment?

Answer

Yes. Any funds received from the SERG Program should be used to respond to the financial disruption resulting from COVID-19 and its effects on your business. Funds **must not** be used for payment of tax liabilities to a government agency. Businesses must also keep records regarding how the funds are spent for a minimum 5 years.

By accepting funds, businesses acknowledge and agree that they are subject to potential audit or other verification by the State of Tennessee concerning the qualification for and use of these funds. Funds are subject to recapture by the State of Tennessee if payment requirements are not met.

10. What does it mean to be a "Domestic Business" in the State of Tennessee?

Answer

Domestic business shall mean the following for each type of eligible business as of August 31, 2020:

1. For a for-profit corporation, it means that the business was legally formed in the State of Tennessee and properly filed its Articles of Incorporation with the Tennessee Secretary of State's office.
2. For a limited liability company, it means that the business was legally formed in the State of Tennessee and properly filed its Certificate of Formation with the Tennessee Secretary of State's office.
3. For a limited partnership, it means a business the was legally formed in the State of Tennessee with its Certificate of Formation filed with the Tennessee Secretary of State's office.
4. For a general partnership, it means that a partner owning more than 50% of the partnership interests resides in Tennessee and the business' principal place of business and general operations are in the State of Tennessee.
5. For a sole proprietorship, it means that the owner resides in Tennessee and the business' principal place of business and general operations are in the State of Tennessee.

11. I am the owner of a company that was formed in and is headquartered in Tennessee and all my revenue is generated from sales in the state of Tennessee. Is my company eligible for relief funding?

Answer

Yes, your company is eligible because it is a domestic business formed in the state of Tennessee.

12. My LLC was formed in and is headquartered in Tennessee. However, all revenue is generated from work done outside of Tennessee. Am I eligible?

Answer

Yes, even though all revenue was generated from states outside Tennessee, your LLC is eligible because it was formed and headquartered in the state of Tennessee.

13. I own a chain of businesses that were formed in another state. We have three locations in Tennessee and one in another state. Each location contributes equal parts revenue. Are my Tennessee locations eligible?

Answer

Yes, because 75% of revenue was earned in Tennessee, your company meets the requirements of operating "primarily" in the state of Tennessee. The Tennessee locations are eligible to receive relief through the SERG program. Please note, eligible business interruption is limited to net income generated by the three locations located in the state of Tennessee. You will be required to provide support that identifies only revenues and expense generated within the state of Tennessee.

14. My construction company was formed in another state and is headquartered there. We are working on a building project in Tennessee that makes up 40% of our revenue for both 2019 and 2020. The job start date was 2/2/2019 and is still in progress today. Does this make my company an eligible business?

Answer

No, your company is not eligible. Since you are formed and headquartered outside the state of Tennessee, revenues generated must be greater than 50% to be considered primarily operating in Tennessee. Because your company's Tennessee revenue is only 40%, it does not meet the 50% threshold.

15. My construction company was formed and headquartered in another state. We are working on a building project in Tennessee that made up 70% of our revenue in 2019 and 20% of revenue in 2020. Does this make my company an eligible business?

Answer

No, your company is not eligible. Even though your company met the primarily operated in Tennessee requirement in 2019 by having 70% of revenue generated inside the state of Tennessee, revenue generated in 2020 was less than 50% making it ineligible.

16. I am a piano teacher residing in another state. I am based out of my home and travel to Tennessee for all student lessons. All of my revenue is earned in Tennessee, but my company has no physical location there. Am I eligible?

Answer

No, eligible businesses must have a physical location in the State of Tennessee to claim business interruption under this program.

17. I do business as an insurance broker. The guidelines indicate that insurance companies are not eligible. Can you explain this, and would my business qualify under this program?

Answer

Yes, your business would qualify under this program. Insurance companies are ineligible; however, small businesses that operate as independent brokers are eligible to apply if all other eligibility requirements are met.

Application

1. How long is the application window?

Answer

The application window will open October 7, 2020 and remain open until the earlier of December 29, 2020 or until all funds are depleted.

2. May an applicant submit more than one application during the application window? *UPDATED 12/10/20*

Answer

No. The program is limited to one application per business. While eligible applicants may submit a supplemental request for funding for the September 1, 2020 – November 30, 2020 expense period, the program is limited to one initial application per business. Once started, applications cannot be saved. Please ensure you have all information required to complete the application before starting. Information required to complete the application can be found on the following documents:

- Copy of most recently filed IRS Tax Return (1040 with Sch C, 1120, 1120S, 1065, 990)
- Completed IRS Form W-9 providing identifying information required for payment

- Bank Statements for the Expense Period(s) (May 1, 2020 – August 31, 2020 and/or September 1, 2020 – November 30, 2020)
- Current and prior year Balance Sheet and Income Statement for the expense period(s)
- Supporting documentation for eligible direct expenses and other business interruption expenses as requested (invoices, canceled checks, proof of receipt, etc.)
- Ownership documents (Article of incorporation, partnership agreements, etc.)
- Proof of diversity business enterprise eligibility (disability documentation, long-form birth certificate, etc.)

Once an application has been accepted and given access to TN CAMS, the applicant will be required to submit the above, but not limited to, documents to support the application as part of the reimbursement process before payment can be processed.

3. If I own more than one business, can I apply for multiple Grants? Do I have to fill out a separate application for each business?

Answer

Yes. While each applicant is limited to one business per application, businesses under the same ownership are allowed under this program. Owners must submit one application per business and include a different primary contact for each. This is important because a business owner's email may only be used once in TN CAMS. If the businesses are subsidiaries of one company, the parent or holding company is subject to the small business \$10 Million annual revenue threshold.

4. What if I have a business that is not required to pay sales tax and is not registered in the State of Tennessee? Or what if I have a business that does not meet the revenue threshold in which the State of Tennessee requires businesses to register with the state?

Answer

Businesses whose registration cannot be easily verified by the program will be contacted by a SERG Program coordinator via the contact information submitted with the application to determine eligibility.

5. What documents will I need to present in order to apply for the SERG Program? *UPDATED 12/10/20*

Answer

No documentation is required to apply for the SERG program. Once an application has been accepted and given access to TN CAMS, the applicant will be required to submit the below, but not limited to, documents to support the application as part of the reimbursement process before payment can be processed.

- Copy of most recently filed IRS Tax Return (1040 with Sch C, 1120, 1120S, 1065, 990)
- Completed IRS Form W-9 providing identifying information required for payment
- Bank Statements for the Expense Period(s) (May 1, 2020 – August 31, 2020 and/or September 1, 2020 – November 30, 2020)
- Current and prior year Balance Sheet and Income Statement for the expense period(s)

- Supporting documentation for eligible direct expenses and other business interruption expenses as requested (invoices, canceled checks, proof of receipt, etc.)
- Ownership documents (Article of incorporation, partnership agreements, etc.)
- Proof of diversity business enterprise eligibility (disability documentation, long-form birth certificate, etc.)

6. How will applicants demonstrate business disruption? *UPDATED 12/10/20*

Answer

The application will require the applicant to input figures comparing net income from the 2020 to the 2019 initial Expense Period (May 1, 2020 – August 31, 2020). Once accepted and given access to the TN CAMS system, applicants will upload any documentation that they believe supports this claim. The application will also have space to include a narrative providing more detail surrounding the nature of business disruption suffered by the applicant and upload any additional document supporting this narrative. The SERG Program has prepared an estimated benefit calculator (<https://tncaresact.tn.gov/SERG>). Eligible businesses should use this resource for guidance when calculating business interruption.

If the applicant has remaining benefit available after calculating business disruption for the initial Expense Period (May 1, 2020 – August 31, 2020), business disruption for the expanded Expense Period (September 1, 2020 – November 30, 2020) will be calculated. The eligible disruption costs from both Expense Periods cannot exceed the maximum program benefit of \$30,000.

7. Is there a deadline to submit a request for funding (RFF) and provide supporting documentation after submitting an application?

Answer

Yes. You have the earlier of 10 business days from notification access to TN CAMS has been granted or 5 p.m. CST December 29, 2020 to submit an RFF with required supporting documentation.

8. Do I need to submit a request for funding (RFF) and provide supporting documentation for each of the Expense Periods? *UPDATED 12/10/20*

Answer

If your application has been approved and paid by December 10, 2020, you will need to log in to the TN CAMS and submit an additional RFF for allowable expenses for the period September 1, 2020 – November 30, 2020 up to the maximum program benefit of \$30,000 less benefits paid as of December 10, 2020.

If your application has not been approved and paid by December 10, 2020, no further action is required at this time. A SERG program coordinator will contact the applicant to request additional information as needed.