COVID-19 Hospitality Industry Recovery Program

Frequently Asked Questions

1. **What is the COVID-19 Hospitality Industry Recovery Program?**
   This is a program that Governor Tom Wolf signed into law as the Act of Feb. 5, 2021. Each county in Pennsylvania is being awarded a block grant (which was based on the county population size). This grant is for eligible businesses whose primary business activity is in NAICS subsectors 721 (Accommodations) or 722 (Food Service and Drinking Places) affected by the COVID-19 pandemic for the purpose of alleviating revenue losses and paying eligible operating expenses. Please note that the NAICS code is as stated on the business tax return. The Rising Tide Community Development Financial Institution will administer this program as the certified CDFI for Northampton County and Lehigh County.

2. **Why is the program eligibility limited to NAICS subsectors 721 (Accommodations) and 722 (Food Service and Drinking Places)?**
   This limitation was determined by the state legislation that authorized the program.

3. **What is a NAICS Code?**
   NAICS (pronounced NAKES) Code stands for North American Industry Classification System. The NAICS System was developed for use by Federal Statistical Agencies for the collection, analysis and publication of statistical data related to the U.S. business Economy. You can learn more about NAICS at [https://www.naics.com/what-is-a-naics-code-why-do-i-need-one/](https://www.naics.com/what-is-a-naics-code-why-do-i-need-one/). *(Also, for additional details on how to find the NAICS code on the business tax return, please see answers to question 16.)*

4. **When is the grant application period?**
   The grant application period opens March 15th, 2021, and it will remain open until funding for grants has been exhausted, or June 15th, 2021, whichever occurs first.

5. **Where do I submit the application?**
   Please submit the application and all required documentation to: rtclf-grants@caclv.org. *(For additional information, visit [www.therisingtide.org](http://www.therisingtide.org))*

6. **What determines that an applicant will receive grant funding through this program?**
   Consideration for grant funding will be based on satisfaction of eligibility criteria. If an applicant meets the eligibility criteria and funds are still available, then the applicant will receive grant funding. The applicant must demonstrate a need due to COVID-19 disruptions. Please note that applications that meet the priority requirements will be considered first. This program is not a first come, first serve/funded program. *(For more details on eligibility and priority, please see answers to question 7.)*
7. **What is the eligibility and priority criteria?**

**Eligibility** - A for-profit entity that meets each of the following:

1) Is not publicly traded

2) Experienced a reduction in revenue in calendar year 2020 of at least 25% from the applicant's gross receipts between comparable quarters in 2019 and 2020 *(for additional details, please see answer to question 9.)*

3) Meets each of the following conditions as of February 15, 2020:
   
   i. Operates a place of business within Northampton County or Lehigh County having a NAICS designation within the Accommodation subsector (721) or Food Services and Drinking Places subsector (722) and where accommodations, food or drink is served to or provided for the public, with or without charge
   
   ii. Has fewer than 300 full-time equivalent employees
   
   iii. Has a maximum tangible net worth of not more than $15 million in accordance with generally accepted accounting principles (GAAP)

**Priority** - in the awarding of grants shall be given to eligible applicants that:

i. have not received a loan or grant issued under the authority of the Commonwealth or the Commonwealth's political subdivisions or by the Federal Government under the CARES Act or Consolidated Appropriations Act, 2021

ii. were subject to closure by the proclamation of disaster emergency issued by the Governor on March 6, 2020, published at 50 Pa.B. 1644 (March 21, 2020), and any renewal of the state of disaster emergency

iii. can demonstrate a reduction in revenue of 50% or more *(for additional details, please see answer to question 10.)*

8. **What does the term “Sales Data” refer to on the application?**

The term refers to the gross revenue (gross receipts, gross sales) generated by the products or services of businesses (reduced by returns and allowances) whose primary activity is in NAICS subsectors 721 (Accommodations) or 722 (Food Service and Drinking Places).
9. How to measure if the business experienced a 25% reduction in revenue?

i. The applicant had gross receipts during the first, second, third or fourth quarter in calendar year 2020 that demonstrate at least a 25% reduction from the applicant's gross receipts during the same quarter in calendar year 2019.

ii. If the applicant was not in business during the first or second quarter of calendar year 2019, but was in business during the third and fourth quarters of calendar year 2019, the applicant had gross receipts during the first, second, third or fourth quarter of calendar year 2020 that demonstrate at least a 25% reduction from the applicant's gross receipts during the third or fourth quarter of calendar year 2019.

iii. If the applicant was not in business during the first, second or third quarter of calendar year 2019, but was in business during the fourth quarter of calendar year 2019, the applicant had gross receipts during the first, second, third or fourth quarter of calendar year 2020 that demonstrate at least a 25% reduction from the fourth quarter of calendar year 2019.

iv. If the applicant was not in business during calendar year 2019, but was in operation on February 15, 2020, the applicant had gross receipts during the second, third or fourth quarter of calendar year 2020 that demonstrate at least a 25% reduction from the gross receipts of the entity during the first quarter of calendar year 2020.

v. An applicant that was in operation in all four quarters of calendar year 2019 is deemed to have experienced the revenue reduction in subparagraph (1.) if the applicant experienced a reduction in annual receipts of at least 25% in 2020 compared to 2019 and the applicant provides copies of its annual Federal tax forms substantiating the revenue decline.

vi. If an applicant changed ownership or control in calendar year 2020, the applicant may measure its reduction in revenue in calendar year 2020 under subparagraphs (1.), (2.), (3.), (4.) or (5.) using the gross receipts of the entity for 2019.

10. How to measure if the business experienced a 50% reduction in revenue?

The business can demonstrate a reduction in revenue which meets one of the following:

(A) A reduction in gross receipts of 50% or more for the period beginning after March 31, 2020, and ending before December 31, 2020, in comparison to the period beginning after March 31, 2019, and ending before December 31, 2019.

(B) If the eligible applicant was not in operation during the entire comparison period under clause (A), but was in operation on February 15, 2020, a monthly average reduction in gross receipts of 50% or more for the period beginning after March 31, 2020, and ending before December 31, 2020, in comparison to the period beginning after January 1, 2020, and ending before April 1, 2020.
11. What documentation needs to be submitted with the application?

- Business Tax returns for 2019 and 2020, if completed
- Quarterly Financial Statements for 2019 and 2020, including profit and loss
- Proof of Business Organization (Certificate of Organization, Articles of Incorporation, or Fictitious Name Filing)
- Form W-9
- Copy of Business Owners Driver's License

12. What are eligible operating expenses?

An operating expense, including a payroll and nonpayroll expense, that is both ordinary and necessary. An ordinary expense is one that is common and accepted in an eligible applicant's industry. A necessary expense is one that is helpful and appropriate for an eligible applicant's trade or business. For purposes of determining an eligible operating expense, the following limitations shall apply:

a) The operating expense must have been incurred between March 1, 2020, and June 15, 2021, or prior to submission of an application under subsection (b), whichever occurs first.

b) For a mortgage obligation, the mortgage must have been in force before February 15, 2020.

c) For rent, under lease agreements, the lease agreement must have been in force before February 15, 2020.

d) For utility costs, service must have begun before February 15, 2020.

e) If an existing mortgage obligation or lease agreement in force before February 15, 2020, is refinanced or restructured after February 15, 2020, the mortgage obligation or lease agreement is deemed to have been in force before February 15, 2020.

13. How long will the review process take for grant applications?

This will depend on several factors including (but not limited to) the quality and quantity of applications received. Awards will be announced on a rolling basis until such time as all grant program funds are allocated.

14. Will I be contacted if my application is incomplete or inaccurate?

Priority will be given to applications that are accurate and complete. If time permits and funds remains, applicants who submit an incomplete and/or inaccurate application will be contacted.
15. What is considered a full-time employee?

Per the IRS, “…a full-time employee is, for a calendar month, an employee employed on average at least 30 hours of service per week, or 130 hours of service per month.” For additional information please visit: https://www.irs.gov/affordable-care-act/employers/identifying-full-time-employees.

16. Where can I find the NAICS code on my business tax return?

**Small business and Self-Employed** - If the business operates as sole proprietor, self-employed, or Limited Liability Company, please see below (Page 1 of Schedule C, Box B; Top right):

For additional information on Small Business and Self-Employed please visit: https://www.irs.gov/businesses/small-businesses-self-employed

**Partnership** - If the business operates as a partnership (with a business structure of one of the following: General Partnership, Limited Partnership, Limited Liability Partnership, Limited Liability Company), please see below (Page 1 of Form 1065, Box C. Business code number; Top left):

For additional information on Partnerships please visit https://www.irs.gov/businesses/partnerships
**Corporation** – S-Corp and C-Corp

If the business files as an **S-Corporation**, please see below (Page 1 of Form 1120-S, Box B. Business activity code number ; Top left):

![Form 1120-S](image)

For additional information on S-Corporations please visit:


If the business files as **C-Corporation**, please see below (Page 4 of Form 1120, # 2, letter a. Business activity code no. ; Top left):

![Form 1120](image)

For additional information on C-Corporations please visit

https://www.irs.gov/instructions/i1120
17. **What if I cannot find the NAICS Code on my business tax return?**

If your business is in the Accommodations industry or Food Service and Drinking Places industry, you can go to the NAICS code website [https://www.naics.com/search/](https://www.naics.com/search/) and conduct a search based on your business primary activity/service. Please note that this information must be accurate as this is one of the eligibility criteria.

18. **I am a sole proprietor and do not have an EIN; what should I do to complete the application?**

For the application, please provide your social security number.

19. **I am having trouble accessing the online application form?**

We are encouraging all applicants to be patient in submitting their online application forms. Please note, this program is not a first come, first serve. As such, submitting a complete application with all required information on each section and documentation is more important than submitting the first application. We expect that when the program opens on March 15th, 2021, the system will be swamped with application submissions. You may need to clear or refresh your web browser if you continue to have trouble reloading the application form.

20. **What if I have a question that isn’t’ answered in the FAQ?**

All questions about the program must be submitted in writing to: rtclf-grants@caclv.org. Please include the business name and the business address in the email.