



Denton County OPEN Operational Plan for Economic Normalization

Business Grant Program, Phase 1 \$2.2 million available for grants

Denton County has launched the OPEN (Operational Plan for Economic Normalization) Grant with \$2.2 million available through grants for businesses physically operating within Denton County. The goal of this program is to help the businesses that have been closed the longest and negatively impacted by COVID-19.

If you still have questions after reading the information below, please email questions to OPENgrants@dentoncounty.gov or call 940-349-4280 from 8 a.m. to 5 p.m. Monday through Friday.

Denton County Commissioners Court is launching a small business grant program at noon on Wednesday, May 13, 2020, through noon on Wednesday, May 20, 2020, to provide up to \$10,000 grants to Denton County businesses who closed the longest and have been the most negatively impacted during the COVID-19 pandemic.

In Phase 1 of Denton County OPEN, for-profit businesses headquartered and located in Denton County with 50 or fewer employees (excluding ineligible entities listed below) are eligible to apply.

The amount a business can receive will be based on the percentage of closure the business experienced during the COVID-19 Stay-at-Home order.

- Business operations completely closed can get 100% of eligible grant.
- Business operations partially closed can get 75% of eligible grant.

The eligible amount of the grant is the higher of:

- 1.75x the average monthly payroll costs for the first quarter of 2020 (form 941) - including gross payroll, retirement costs and health insurance costs; if sole proprietor can use the average monthly amount of Schedule C net income divided by twelve (must have a net profit)
- 2x fixed costs (rent, lease or mortgage payment of real and business property, real property taxes, business personal property taxes, and utilities excluding costs of your personal residence) calculated on 2019 monthly average

The \$2.2 million identified for the Denton County OPEN grant was accumulated by Denton County from CoServ Capital Credit funds over a 20-year period and set aside. Denton County is re-investing these non-taxpayer funds into the Denton County OPEN program to benefit Denton County businesses impacted by COVID-19.

General Information

Grants awarded will be up to \$10,000.

Individual grants will be awarded based on such factors as need, eligibility, number of employees, loss due to full/partial shutdown, being deemed non-essential during the COVID-19 pandemic and availability of funds.

Eligibility

- Business started before March 1, 2019
- 50 Employees or fewer
- No more than \$7 Million in Gross Annual Revenue
- If an owner has more than one business, the owner is eligible for application for up to three businesses (all businesses must be located in Denton County). Ownership defined as 20% or more. The application must include a disclosure of all 20% or more owners.
- Applications and required documentation will be reviewed by assigned Denton County Auditors based on Commissioners Court approved Denton OPEN Grant

Program Guidelines. The applicant will receive an email indicating Denton County OPEN Program approval or denial or did not meet qualifications.

- Checks will be issued to qualifying applicants by Denton County Accounts Payable.
- Applicant must have no outstanding Denton County tax liens or judgments
- The application will be open from Wednesday, May 13 at 12 p.m. CST to Wednesday, May 20 at 12 p.m. CST.
- A business receiving grant funding may be notified via email on or about June 8th.
- Denton County is a governmental body subject to the Texas Public Information Act. Information you submit to Denton County in this application may be subject to the Act and, therefore, subject to public release.

Application process includes

- Good Faith Certification as to truth and accuracy of information provided
- That the grant request is necessary due to conditions caused by COVID-19
- Agreement to audit the use of grant funds received
- Agreement to claw-back provisions if funds are used for ineligible purposes
- Unsworn Declaration of Owner

Types of businesses:

- Corporation
- Individual
- Sole proprietorship
- Single-member limited liability company (LLC)
- LLC treated as a partnership
- LLC – C corporation
- LLC – S corporation
- Partnership

Eligible Uses of Grant Proceeds

- Payroll costs for employees or owners draw (sole proprietors/partners)
- Contract labor
- Supplier payments
- Rent, lease or interest on mortgage payment (for real property used for business purposes, like storefront or warehouse, excluding personal residence.)

- Rent, lease or purchase payment for business property (e.g., delivery vehicle; food truck; kitchen equipment; technology, payment, and communications systems and equipment)
- New or expanded technology applications and Wi-Fi services
- Utility payments for business properties, excluding personal residence.
- Cost of critical business operations (raw materials, marketing expenses, etc. payments)
- PPE and sanitation supplies and equipment
- Interest on other business debt obligations incurred before March 1, 2020, excluding personal residence.

Documents Required

- Documentation of business (Choose one of the following)
 - Secretary of State Texas File number; State of Texas License number; DBA, 2018 or 2019 tax return (return only, schedules not required); Social Security Number, Employer Identification Number or Individual Taxpayer Identification Number, Certificate of Filing. If sole proprietor, please provide documentation on when you started your business. Ex. Include Occupational license, Sales Tax Certificate
- Drivers' license or state-issued ID
- Most recent filed business tax return (return only, schedules not required)
- Most recent payroll report and number of employees – 1st QTR 941 for 2020
- Bank Statements for the following four months – March & April 2019; March & April 2020
- Submit documentation for proof of fund uses by September 30, 2020, including Form W-3, Form 941, utility statements, canceled checks/receipts or bank statements
- For Sole Proprietor, applicants provide 2018 or 2019 Schedule C
- Form W-9.

Ineligible Businesses

- Non-Profits
- Sexually/Adult-Oriented Businesses
- Professional Services deemed essential by local/state government
- Lobbying organizations and political organizations subject to Internal Revenue Code 527

- Gambling Concerns, including casinos, racing operations or other activities whose purpose involves gambling
- Concerns engaged in illegal activities under federal, state or local laws
- A business that is otherwise prohibited by federal or Texas law
- A business that is ineligible or precluded to receive federal or State of Texas funding due to federal laws (including but not limited to the CARES Act) or Texas laws
- Multi-level marketing concerns
- Governmental/taxing agencies/departments

Frequently Asked Questions:

My business received PPP funding. Am I still eligible for a Denton County OPEN grant?

Yes, businesses that received PPP funding are eligible for Denton County OPEN grants. Denton County OPEN grant amounts will not take PPP funding into account; however, when reporting on the expenditure of Denton County OPEN grant funds, businesses should not include expenses that were covered by PPP funds.

What documentation do I need for proof of the existence of my business?

The county only needs to receive one document that proves the existence of a business. That document may be the Secretary of State of Texas File number, State of Texas License number, DBA, or a tax return. It is not necessary to provide more than one of these documents.

Can supply or inventory costs be included in the calculation of fixed costs?

No. Fixed costs for calculation of the grant amount include only: 1. Rent, lease, or mortgage payment; 2. Business personal property taxes; and 3. Utilities. (Cost associated with a personal residence may not be included) However, supply and inventory costs are allowable uses of the grant proceeds.

What businesses are considered “sole proprietorships” to use net income to calculate payroll costs?

Any business with only one owner that does not have payroll cost may report using net income as a sole proprietor. This includes corporations and LLCs with one owner and with no payroll cost; however, sole proprietors who have payroll costs (that file 941's, W-3's, etc.) must report payroll costs, not net income.

My business has locations in Denton County and other counties. Do I qualify for the Denton County OPEN grant program?

Yes, if your business meets the other criteria, you will qualify. Payroll and/or fixed cost amounts used to calculate the grant amount should be only for those portions of the business that are located in Denton County.

How do I prove how long I have been in business?

Provide your Certificate of Filing with the Secretary of State. If you do not have it, you can find it on the Texas Secretary of State website at

<https://direct.sos.state.tx.us/acct/acct-login.asp>

If you are a sole proprietor, you can provide a DBA, first state bank statement, first income tax or sales tax filing, or a professional license.

Will there be additional funds added to this program?

Possibly. Denton County Commissioners Court is in the process of confirming the allowed uses for funds provided through the CARES Act and will earmark portions of the fund to help Denton County small businesses.

My professional services business was considered essential by local/state government orders, but I feel that my business was affected by the mandates. Why can I not apply?

At this time, Denton County is working first to assist those businesses that were closed by the local/state government orders. While we understand that all businesses were likely affected to some degree, we have limited available funds.

Will I be notified whether or not my application is approved for a grant?

Yes. We will notify all applicants on whether they are approved for a grant, may still be considered for future grants or have been disqualified for ineligibility.

Do I need to file all of these documents?

Yes. These documents are necessary to ensure all applicants meet the required eligibility to receive grants. These same documents are required by many state and federal grant programs.

How soon will these grants be awarded?

Denton County will work to turn around grant funds quickly upon the conclusion of the 1-week submission period. The intent is to issue grants on or about June 8th.

Who can I call to answer some of the questions I have about this application?

Denton County has created a call center that will be available to assist you from 8 a.m. to 5 p.m. Monday through Friday. Please call 940-349-4280. You can also send questions via email to OPENgrants@dentoncounty.gov.



County 381 Agreement

Chapter 381 of the Local Government Code allows counties to administer and develop a program to make grants of public money to promote state or local economic development and to stimulate, encourage and develop business location and commercial activity in the county.