



Testimony on finance  
options within  
Department of  
Commerce

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# Background

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- ❖ Historically the Department of Commerce has not housed finance options for small businesses
- ❖ Partnership with Network Kansas
- ❖ Needed to adapt to what businesses were dealing with
- ❖ Brought forward two options to date to help addresses the ever-evolving needs businesses have as a result of COVID-19:
  - HIRE Fund
  - Business Grant Program

# HIRE Fund

## Overview

- ❖ Hospitality Industry Relief Emergency Fund to support the state's hospitality businesses
- ❖ Launched on March 20<sup>th</sup>, 2020
- ❖ We partnered with Network Kansas to provide \$5 million in short-term, zero-interest loans for Kansas' hospitality sector during the COVID-19 crisis
- ❖ The \$5 million in funding for HIRE came from the Job Creation Fund ("JCF"), which is the state's deal closing fund. Typically, JCF is used for recruiting outside businesses into the state, but retention of existing businesses is a permitted use under the statute. We are proud to have deployed JCF in a manner that prioritized existing Kansas businesses.
- ❖ Examples include
  - Restaurants
  - Bars
  - Lodging
  - Conference/Event Centers



# Eligible Use of Funds (Not limited to)

- ❖ Commercial loan payments
- ❖ Commercial lease payments
- ❖ Utility bills
- ❖ Payroll
- ❖ Accounts payable
- ❖ Inventory



# Applicant Eligibility

- ❖ Be an existing for-profit business located in Kansas
- ❖ Maintain a staff of fewer than 100 employees
- ❖ Have no outstanding state tax obligations
- ❖ Be willing to submit a personal guarantee of repayment from the owners of the business



# Distribution Overview

- ❖ We received almost 900 applications within the first 24 hours and have received 1,800 applications to date
- ❖ 344 loans were allocated with an average loan amount of \$14,500
- ❖ Douglas, Johnson, Shawnee and Wyandotte counties: \$2 million to 136 businesses
- ❖ Sedgwick County: \$1 million to 68 companies
- ❖ The remaining \$2 million was allocated to 140 businesses throughout the state
- ❖ Currently we do not have any more funding available
- ❖ But we have left open potential possibilities if things change



# Business Grants (allocated by SPARK)

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- ❖ In Phase 2, SPARK asked agencies to provide the committee with potential solutions on how to address the needs of Kansans
- ❖ Department of Commerce presented a Business Grants program to address the needs of small businesses and the need to provide a safe environment for all Kansans
- ❖ The Proposal breaks down into four categories:
  - \$32.5 million in small business & non-profit grants
  - \$7 million in grants related to COVID R&D and product development
  - \$22 million in grants for in-state COVID-related and PPE manufacturing



# Small Business Grants

## Overview

- ❖ Central online portal for all applications
- ❖ **In order to be eligible for the grant, businesses must be under 500 employees, will have to demonstrate 25% loss or greater over six months before the pandemic and must provide an intended use of funds**
- ❖ Must meet the guidelines set forth by the CARES Act and guidance provided by the Treasury Department
- ❖ Will be working with Private Sector Partnerships in order to help with review process





# Small Business Grants

## Applications will be broken down by following sectors

1. Entertainment Venues
2. Arts
3. Retail
4. Professional Services
5. Manufacturing
6. Personal Services
7. Not-For-Profits
8. Other
9. Grocery
10. Meat Processors
11. Specialty Producers



# COVID R&D

## Overview

- ❖ How can State contribute to helping end the pandemic
- ❖ We are going to need rapid testing, treatment solutions and other developments in bioscience
- ❖ Goal with these funds is to help provide funding towards product development to address these issues in the coming months
- ❖ Must meet federal guidance that product directly be linked to COVID



# PPE Manufacturing & Grants

## Overview

- ❖ Help supply chain and provide incentive for additional PPE production in the State
- ❖ Looking at in-state options for PPE production and manufacturing
- ❖ Help provide funding to businesses who need to acquire PPE and other related materials for a safe workplace
- ❖ Demonstrate need for training/equipment/modifications to improve health of workers or customers



# Business Grants Program

## What's next?

- ❖ Roll out of website and applications will be later this week
- ❖ Webinars will be conducted to help with the application process
- ❖ Live chat will be available Monday-Saturday with extended hours to assist
- ❖ Goal is to work through applications as they come in



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# Questions

