HOSPITALITY ECONOMIC RESILIENCY GRANT
SPECIAL BUSINESS BRIEFING
January 28, 2021

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Interim Commissioner

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ND Dept. of Commerce
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NORTH Dakota
Be Legendary.
Commerce
▪ Recording will be available at [ndresponse.gov](http://ndresponse.gov)

▪ If you have questions on the Hospitality ERG, email [businesshelpCOVID19@nd.gov](mailto:businesshelpCOVID19@nd.gov)
AGENDA

- Hospitality ERG overview and clarification
- Your questions answered
- Preparing to submit application and walk-through process
- Closing Remarks
HOSPITALITY ECONOMIC RESILIENCY GRANT (HERG) ROUND 2 OVERVIEW
PROCESS IMPROVEMENT

- More time to reply
  - 3 business days – first contact by email. If no response, then another email is sent and given an additional 3 business day notice. If no response after that, the expenditure and/or application is denied.

- Applicant will self-certify that they have not been awarded for expenditures previously submitted in HERG Round 1.

- Additional training for reviewers
The grantee must be:

- A restaurant (food trucks included) - to include food services and drinking establishment that derive a minimum of 51% of their sales from prepared food and must certify that 75% sales were derived in ND, as well as a current food establishment license.

- A bar or lounge with a current on-sale liquor license issued by the appropriate legal entity that derive a minimum of 51% from on-sale sales.

- An entertainment venue to include movie, drama or music theaters and facilities used to host community and private events; include indoor recreation entertainment, e.g. bowling alleys, indoor golf clubs, and indoor trampoline parks where membership/class fees do not exceed 51% of revenue.

- A production company that provides technology and audio-visual services to meetings and events; and must certify that 75% sales were derived in ND.
INELIGIBLE

- Government owned facilities that do not generate more than 51% of its revenue from private events
- In-home caterers
- Food establishments without appropriate licensure
- Retail food, groceries or gas stations who do not derive a minimum of 51% of their sales from prepared food
- Religious Organizations
- Lodging facilities (that do not have event space or restaurants)
- Traveling companies
- Transportation
CERTIFICATION

- Any entity whose business is physically located in North Dakota
- Have a permanent physical location in North Dakota (P.O. Boxes or mailing addresses are not considered a physical location)
- Be able to demonstrate they were financially viable prior to the COVID-19 pandemic (including operational and workforce needs)
- Must demonstrate they had a negative financial impact by the COVID-19 pandemic
- The business must be in good standing with the North Dakota Secretary of State or appropriate Tribal business license authority
- Must submit receipts for operations costs incurred on or after March 27, 2020 and use the money on or prior to December 29, 2020
- **Applicant will self-certify that these criteria will be met as the onus will be on the applicant to ensure that they meet these criteria**
- Must have spent the money prior to requesting reimbursement within the 2020 timeframe
- Verify that expenditures were not awarded in HERG Round 1
- Applicants must self-certify that they meet the requirements and will comply with current North Dakota Smart Restart protocols. Noncompliance with these protocols will result in the repayment of all grants funds
$25,000 maximum grant for per eligible entity and $75,000 maximum for eligible entities with multiple locations. If an entity receives grant funds for more than one location, they cannot spend more than $25,000 per location. If an eligible entity received funding in HERG Round 1, they are capped at $25,000; for example, entities that received $25,000 are entitled to $0; an entity that received $15,000 would be eligible for up to $10,000 and an entity that received $5,000 would be eligible for up to $20,000. The same concept applies to multiple entities as the cap remains $75,000 with $25,000 per facility using the same logic. There can be no single entity that receives in excess of a total of $25,000 or group of businesses with combined ownership structure involving multiple eligible entities that receive in excess of $75,000.

- **Capped Amount**
  - $25,000 – One Location
  - $50,000 – Two Locations
  - $75,000 – Multiple locations: $25,000/location

- **Example**
  - If you received $25,000: Eligible $0
  - If you received $15,000: Eligible up to $10,000
Applicants are responsible for providing sufficient documentation for all costs, justification why these items are eligible and proof of payment.

- Documents must be clear and legible - e.g. Word, Excel, PDF, Quickbooks, Accounting Software etc.
  - For docs not generated by Accounting Software, include proof of payment, e.g. quarterly tax reports, copy of banking statements, credit card statements, print off from accountant certifying accuracy, etc.
- No handwritten documents allowed
- Show detailed description of each expense
- Clearly identify how and when the costs were incurred
- Applicant responsible for indicating which cost category an expense falls into

- Receipt showing proof of payment
  - Must be itemized to show all expenses
  - Include a total dollar amount
  - Date of purchase
  - Vendor name and contact information
  - Must tie back to the applicant and the business location (customer name, address, etc.)
  - Show proof of payment and payment method
  - Shipping costs must be itemized
  - Taxes must be itemized (ineligible for reimbursement)

- Expenses provided must be clearly tied to the physical business location
- If multiple items on receipt, highlight what items are being claimed for reimbursement
- Limit uploads to one receipt per line item on application
**RECEIPTS**

- Legitimate receipts must include itemization (item description and/or picture), total purchase price, date, verification of payment in full, evidence it came from the vendor (letterhead, etc.)
  
- Limit uploads to one expenditure per line item

**Eligible (standalone) Receipts:**

- Itemized vendor receipt that shows proof of payment
- Invoices if showed paid-in-full with $0 balance due
- Screen shots showing the required information above (not just the shopping cart screenshot)
- Receipts for the items from the distributor/supplier which refer back to the invoice or estimate provided

**Eligible:** (if accompanied by proof of payment: cancelled check, credit card statement/receipt, bank draft, etc.)

- Invoice, quote, estimate, bid, purchase order, etc. (not showing a zero-balance due).
- Hand-written/editable receipts

**Ineligible:**

- Receipts showing applicant as the vendor
WHAT IS A CANCELED CHECK?

- Check example edited to block out identifying and account information
INVOICES

- Be sure to identify what line item goes with what on the receipts.
- Paid stamp only allowed if zero balance
- Invoices marked paid without zero balance MUST be accompanied by corresponding documentation of payment (front/back canceled check or bank statement or credit card statement)
- Sales tax is not allowed
YOUR QUESTIONS ANSWERED
Q: Can we upload all the utility bills on the same line?
A: No, each utility bill, along with accompanying proof of payment, needs to be on a separate line item.

Q: Will the utility bill from previous month qualify to show we have paid the expense?
A: No, you need to upload an accompanying both sides of a canceled check, bank statement, or redacted credit card highlighted to show the amount has been paid.

Q: Are internet service charges, cable/satellite tv eligible?
A: Yes
Q: Can funding go toward wages of lost hours due to early shut down hours?
A: No, only paid hours

Q: For payroll, will a copy of the employees check printed from quickbooks work for a receipt?
A: Yes, as names are necessary

BE SURE TO LIST EMPLOYEES NAMES
**FOOD SERVICE / BEVERAGE**

Q: Can I receive grant money for all bar staff salaries from March 17 through grant submission?
A: Operation costs including payroll for your bar staff must occur on or after March 27, 2020.

Q: Can businesses that aren’t specifically hospitality, but used as a gathering place in small towns (i.e. morning coffee at the elevator, gas station, or car dealership) qualify?
A: The intent of the grant is to support hospitality businesses who have lost revenue due to COVID-19 – therefore other gathering places would not be eligible.

Q: If all prepared food and drink establishments are qualified to apply, what about breweries and wineries?
A: Yes, breweries and wineries that have at minimum of 51% of the revenue come from prepared food or drink served on premise are eligible.
Q: Is there any possibility for an extension if additional measures are advised?
A: 3 business days from email notification will be provided to provide documents

Q: If a utility is paid by autodraft and reflected as paid in a subsequent month's bill, may we upload both as proof or will you require a bank statement, credit card bill, etc.? Also, is a cleared check sufficient for rent, or is a rent invoice required as well?
A: Corresponding document, e.g. a cleared check or invoice is sufficient with the bank statement
Q: Please provide clarification on if there are multiple owners and locations
A: You may only fill out ONE application and will be eligible for up to $25,000 for one eligible location, up to $50,000 for two eligible locations, and up to $75,000 for three or more eligible locations. If you receive a grant for more than one location, you cannot spend more than $25,000 per location. An eligible location must meet business eligibility requirements as listed at https://belegendary.link/HERG and is defined by the customer facing marketplace. List all locations in which your ownership is 50% or greater, regardless of whether business has a separate EIN. Applicant must list each business under this guideline and will be awarded according to the $25,000, $50,000 and $75,000 maximum rule.

Additional note:
If an eligible entity received funding in HERG Round 1, they are capped at $25,000; for example, entities that received $25,000 are entitled to $0; an entity that received $15,000 would be eligible for up to $10,000 and an entity that received $5,000 would be eligible for up to $20,000. The same concept applies to multiple entities as the cap remains $75,000 with $25,000 per facility using the same logic. There can be no single entity that receives in excess of a total of $25,000 or group of businesses with combined ownership structure involving multiple eligible entities that receive in excess of $75,000.

Q: Are political subdivisions eligible for HERG funding?
A: Yes, as long as the application is for a business that is qualified under the HERG guidelines and derives 51% of revenue from on-site sales.
**VENUES**

Q: We are a dance studio that offers performing arts performance throughout the year, but due to COVID we have not been able to hold any of our productions, would we be able to qualify for this grant? Or what would we need to have to qualify for this grant?

A: In general, dance studios would not be eligible, since most of the revenue is generated from class fees. The exception to this would be if a studio has a venue to host events and charges admission and revenue is 51% or greater.

Q: Can you specify the required income sources and percentages for indoor entertainment?

A: An entertainment venue including indoor recreation entertainment, e.g. bowling alleys, indoor golf clubs, and indoor trampoline parks who charge a public admission fee. If membership fees exceed 51% of revenue, they are not eligible.

Q: Would a fitness center/gym/YMCA qualify?

A: In general, fitness center/gyms are not eligible as their revenue comes from membership/class fees.
Q: Can funds be used for improvements that creates more space in a movie theater? Is the cost to replace seats an eligible expense? Can the operator of two theaters apply for funds for both locations? What are the most common reasons why an application for two locations would be denied?

A: Repairs are allowed, but expansion costs are ineligible. Equipment used for daily operation but not for expansion are allowed. If two theaters apply and ownership is 50% or greater, regardless of whether the business has a separate EIN, they are only eligible for one application. Applicant must list each business under this guideline and will be awarded according to the $25,000, $50,000 and $75,000 maximum rule.

Most common reasons that applications are denied for multiple locations are the following:

- If there are multiple applications where ownership is 50% or greater, there should only be one application and each location is capped at $25,000.
- Campus policy, defining a campus as the following: A campus is defined as businesses under the same ownership structure within ¼ mile of one another’s physical location and therefore only eligible for $25,000.
APPLICATION DATES

APPLICATION PORTAL:
Opens Thursday, February 4 AT 10:00 A.M. CST
Closes Thursday, February 25 AT 5:00 P.M. CST
HERG ROUND 2
APPLICATION

- To get to the application login
  Visit: http://belegendary.link/HERG
If you were a previous applicant, you can use your same login information from round 1 HERG. If you are new applicant, you will see a sign-up button.
Once signed in, if you are a returning applicant, you can select the “create application” button. If you are a “new” registration applicant, meaning you have not registered previously, you will need to follow the “verify email” button and prompts and also complete that part of the registration.
Enter in business name - should match LEGAL name EXACTLY to any tax records.

Tax Identification Number - If your business has an EIN number, that should be used, if an EIN is not available, then the following are allowed: State Tax ID, Tribal Tax, TERO or SS# for Sole Proprietor.

If you are a sole proprietor, you must supply your trade name in the Doing Business As field.
Please enter in all taxpayer information. The physical address **MUST** be the physical address of your business. The Mailing address is where the check will get mailed if awarded.
Business must:

- Must be located in North Dakota
- Registered to do business in ND
- Allowed to conduct business in ND
- Industry type will be a drop down of applicable business types for HERG and is mandatory
- Industry type level 2 - is not a required field
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HERG ROUND 2 APPLICATION

Please list each receipt item on separate line items. **DO NOT** combine receipts for multiple expenses on one line item.

May need to upload same receipt for multiple line items.

**NEW** to Round 2 - must self-certify that the expenditure you are expensing has not been awarded in HERG Round 1.
When entering in your receipt amount. Be sure to note the following:

- **Total Receipt Amount**: this is the dollar amount of full receipt
- **Qualifying Portion of Purchase Amount**: this is the dollar amount that you would like to be reimbursed from the total receipt amount.
- **Non-qualifying Portion of Purchase Amount**: Sales tax is not allowable and could be placed in this field.
- **When entering in supporting documents for your expense**, please note the supporting document file types: JPG, JPEG, PDF, .doc, .xls. Files need to be less than 20MB.
Please review your line expenditures, you will notice your award amount max at the top, which aligns with the previously discussed protocol on multiple businesses.
**HERG APPLICATION**

- Business was profitable
- Not more than 90 days delinquent prior to March 1, 2020
- Business is in good standing in the State of North Dakota
- Business is not delinquent on Federal or State Taxes
- Incurred a negative financial impact due to COVID-19
- Verify that nothing you are expensing in HERG Round 2 was awarded in HERG Round 1
7. Businesses must certify the appropriate requirements are met for their business type.

A restaurant (food trucks included) - to include food services and drinking establishment that derive a minimum of 51% of their sales from prepared food and must certify that 75% sales were derived in ND, as well as a current food establishment license.

A bar or lounge with a current on-sale liquor license issued by the appropriate legal entity that derive a minimum of 51% from on-sale sales.

An entertainment venue to include movie, drama or music theaters and facilities used to host community and private events; include indoor recreation entertainment, e.g. bowling alleys, indoor golf clubs, and indoor trampoline parks where membership fees do not exceed 51% of revenue.

A production company that provides technology and audio-visual services to meetings and events; and must certify that 75% sales were derived in ND.
The grantee must be one of the following:

- A restaurant (food trucks included) - to include food services and drinking establishment that derive a minimum of 51% of their sales from prepared food and must certify that 75% sales were derived in ND, as well as a current food establishment license.
- A bar or lounge with a current on-sale liquor license issued by the appropriate legal entity that derive a minimum of 51% from on-sale sales.
- An entertainment venue to include movie, drama or music theaters and facilities used to host community and private events; include indoor recreation entertainment, e.g. bowling alleys, indoor golf clubs, and indoor trampoline parks where membership/class fees do not exceed 51% of revenue.
- A production company that provides technology and audio-visual services to meetings and events; and must certify that 75% sales were derived in ND.
Business Obligations

- Certify that all information is true and accurate
- Read and agree to abide by the Smart Restart guidelines
Process and submit application:

- If you would like a copy of your application, please print from the browser when on the review screen.
Submit and process your application

Prior to submitting your Economic Resiliency Grant application, please make sure you have included all requested information from your initial review. If you fail to include the needed information, your application will be denied. If you are still in need of submitting additional info, click [Cancel] and submit that information. If you are satisfied with the additional information provided, please click the [Submit] button.
QUESTIONS AFTER APPLYING

EMAIL: businesshelpCOVID19@nd.gov

Once you submit your application and if you have questions, please make sure your ID number AND business name is listed in the email as it appears on the application.
NEXT STEPS

EMAIL: businesshelpCOVID19@nd.gov
WEBSITE: https://belegendary.link/HERG

COMMERCE NEWSLETTER: https://commerce.nd.gov/news/SignUpNewsReleases/

@CommerceND
@commercenorthdakota
Department of Commerce
CLOSING REMARKS

Chris Kalash
Director of Membership
THANK YOU