



UPDATE ON THE SHUTTERED VENUE OPERATORS GRANT (SVOG)

1/26/21

The Economic Development Department's Mission is to improve the lives of New Mexico families by increasing economic opportunities and providing a place for businesses to thrive.

EDD Overview



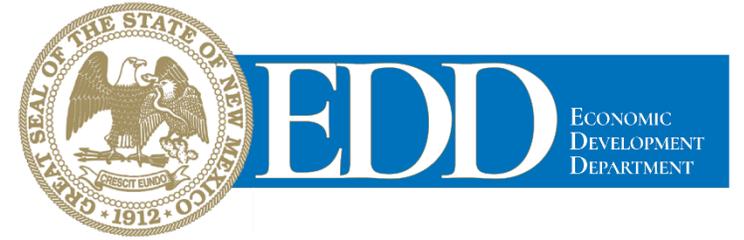
The mission of the New Mexico Economic Development Department is to *Improve the lives of New Mexico families by increasing economic opportunities and providing a place for businesses to thrive.*

Cabinet Secretary Alicia J. Keyes, Deputy Cabinet Secretary Jon Clark

Divisions include:

- Economic Development
- [Film](#)
- [Outdoor Rec](#)
- NM Border Authority
- Office of Military Base Planning
- Spaceport Authority
- [MainStreet](#)

Collateral Assistance Program

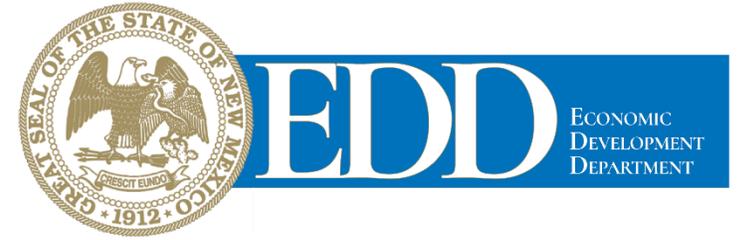


- EDD can pledge cash to cover a collateral shortfall of a loan in order to enable financing that otherwise might not be available to a small business.
 - Special preference is placed on business owners who are women, US Veterans, ethnic minorities or part of other socially disadvantaged groups.
 - Special focus is on (but not limited to) projects in industries related to: intelligent manufacturing, sustainable & green industries, value added agriculture, tourism & outdoor, digital film & media located in rural areas.
- EDD can support projects up to \$250,000 or up to 50% of principal.

<https://gonm.biz/business-development/edd-programs-for-business/finance-development/nm-credit-enhancement-program/>



Financial Programs

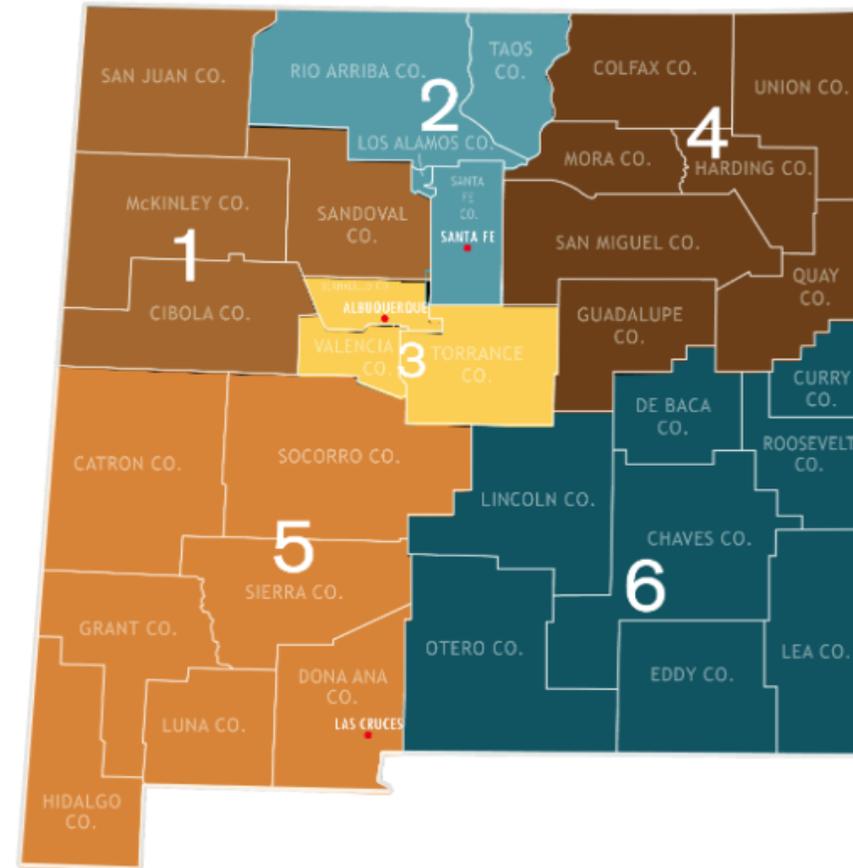


- [Job Training Incentive Program](#)
- [Local Economic Development Act](#)
- [Opportunity Zones](#)
- [Business Finance Finder](#)
- [Rural Efficient Business Program](#)
- [FUNDIT](#)
- [Film Division](#)
- [Outdoor Rec](#)
- [Office of Science and Technology](#)
- [Office of International Trade](#)
- [New Mexico Main Street](#)
- [NM Border Authority](#)
- [Spaceport America](#)
- [*COVID-19 Response*](#)

EDD Regional Reps

NMEDD Find your Regional Rep:

<https://gonm.biz/community-development/#regionalRep>



Community, Business & Rural Development Regions

- Region 1: Lorraine Ruggles
Bernalillo Office
(505) 490-7662
LorraineL.Ruggles@state.nm.us
- Region 2: Peter Mitchell
Santa Fe Office
(505) 827-2199
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(575) 430-1232
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EDD ECONOMIC
DEVELOPMENT
DEPARTMENT



Stay Tuned

Overview of International Trade Resources, 1-27 @ 11:30, Register:

<https://attendee.gotowebinar.com/register/2149109137553344779>

The SBA New Mexico District Office is hosting a Paycheck Protection Program Re-Launch Overview webinar, [Paycheck Protection Program Re-Launch Overview Registration, Thu, Jan 28, 2021 at 10:00 AM | Eventbrite](#)

- Sign Up for EDD News and Updates: <https://gonm.biz/newsletter>
- NMEDD Website: <http://gonm.biz/>
- NMEDD YouTube Channel:
https://www.youtube.com/channel/UCEVKIfuuLNI4R0VH6GsxZRQ?view_as=subscriber



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AMERICA'S
SBDC[®]
NEW MEXICO



NM Economic Development Department & Department of Cultural Affairs

January 26, 2021

New Mexico Small
Business
Development Center
Network



INTERNATIONAL BUSINESS ACCELERATOR
New Mexico Small Business Development Center Network



Overview

The Shuttered Venue Operators Grant (SVOG) program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, signed into law on December 27, 2020. The program includes \$15 billion in grants to shuttered venues, to be administered by the SBA's Office of Disaster Assistance.

The SVOG includes stimulus funds to support specific live venue operators or promoters, theatrical producers, or live performing arts organization operators, relevant museum operators, motion picture theatre operators, or talent representatives impacted by the COVID-19 pandemic. This section is commonly referred to as the Save Our Stages Act (SOS), which you may hear that term, please know they are basically one in the same.



Overview Cont'd

SBA is in the process of setting up the grant program and is **not yet accepting applications**. Those who have suffered the greatest economic loss will be the first applications processed according to the schedule I will cover later in this presentation.

This presentation is limited to the information gathered directly from the Consolidated Appropriations Act 2021 and is subject to rules provided for by the SBA which have not been released as of this date. The SBA may interpret parts of the SVOG differently, which could impact multiple aspects of the grant.



What We Do

The NMSBDC network develops skilled entrepreneurs and strong businesses through one on one business advising & training via 18 SBDC Centers, PTAC, IBA and TCA.

Direct hands on **NO FEE** assistance is provided in:



- Starting a new business
- Growing an existing business
- Saving a business
- Obtaining financing

No to low cost business training and workshops



Eligibility

- Live venue operator or promoter
- Theatrical producer
- Live performing arts organization operator
- Relevant Museum operator
- Motion picture theater operator
- Talent representative



Broad Eligibility Requirements

The business entity must have been fully operational on **February 29, 2020**.

The business entity must be able to demonstrate not less than a 25% gross earned revenue loss in any one calendar quarter of 2020 compared with the same calendar quarter of 2019.

The business entity must be open or intending to reopen.



Specific Eligibility Requirements

Motion Picture Theater or motion picture theaters operated by the **Motion Picture Theater Operator:**

- Is open or intends to reopen for the primary purpose of public exhibition of motion pictures
- At least 1 auditorium that includes a motion picture screen and fixed audience seating
- A projection booth or space containing not less than 1 motion picture projector
- A paid ticket charge to attend exhibition of motion pictures
- Motion picture exhibitions are marketed through Showtime listings in printed or electronic publications, on websites, by mass mail, or on social media



Specific Eligibility Requirements Cont'd

Relevant Museum, or relevant museums operated by the **relevant museum operator**:

- Is open or intends to reopen
- Serving as a relevant museum as its principal business activity
- Indoor exhibition spaces that are a component of the principal business activity and which have been subjected to pandemic-related occupancy restrictions
- At least 1 auditorium, theater, or performance or lecture hall with fixed audience seating and regular programming



Relevant Museum

A relevant museum is a “museum” as defined in Section 273 of the Museum and Library Services Act (20 U.S.C. 9172) and shall not operate as a for-profit entity. In that statute, “museum” means:

a public, tribal, or private nonprofit agency or institution organized on a permanent basis for essentially educational, cultural heritage, or aesthetic purposes, that utilizes a professional staff, owns or utilizes tangible objects, cares for the tangible objects, and exhibits the tangible objects to the public on a regular basis. Such term includes museums that have tangible and digital collections and includes aquariums, arboretums, botanical gardens, art museums, children’s museums, general museums, historic houses and sites, history museums, nature centers, natural history and anthropology museums, planetariums, science and technology centers, specialized museums, and zoological parks.



Specific Eligibility Requirements Cont'd

Live venue operator, live venue promoter, theatrical producers, or live performing arts organization operators. Characteristics of venues where the events, artists or entertainers are promoted, managed, or produced:

- o A defined performance and audience space
- o Mixing equipment, a public address system, and a lighting rig
- o Engages 1 or more individuals to carry out not less than 2 of the following roles:
 - A sound engineer
 - A booker
 - A promoter
 - A stage manager
 - Security personnel
 - A box office manager



Specific Eligibility Requirements Cont'd

- o There is a paid ticket or cover charge to attend most performances and artists are paid fairly and do not play for free or solely for tips, except for fundraisers or similar charitable events.
- o For a venue owned or operated by a nonprofit entity that produces free events, the events are produced and managed primarily by paid employees, not by volunteers
- o Performances are marketed through listings in printed or electronic publications, on websites, by mass email, or on social media



Eligibility Restrictions

- The entity must NOT be majority-owned or controlled by a publicly traded corporation.
- The entity must NOT have received more than 10 percent of gross revenue from federal funding during 2019 (FEMA disaster assistance excluded).
- The business entity must NOT have more than two of the following characteristics:
 - Owning or operating venues, museums, motion picture theatres, or talent agencies in more than one country.
 - Owning or operating venues, museums, motion picture theatres, or talent agencies in more than ten states.
 - Employing more than 500 FTEs as of February 29, 2020 (30+hr./wk. = 1 FTE and 10-30 hrs./wk. =.5 FTE).
- The business entity must NOT present live performances, services, or goods of a prurient sexual nature.



Other Provisions

- The entity must certify that the uncertainty of current economic conditions makes necessary the grant to support the entity's ongoing operations.
- **An entity is ineligible for an SVOG grant if you receive a PPP loan on or after December 27, 2020.**
- For the purposes of measuring revenue loss, CARES Act funding should not be counted as revenue. SBA may use alternate methods to determine loss of seasonal employers.
- Accrual accounting shall be used to determine revenue.
- Unlike PPP, this program does not apply PPP affiliation rules. However, no more than five affiliated entities may receive an SOS grant. Each affiliated entity – including any parent company – must meet all eligibility requirements.
- Grant use will be reviewed by the SBA to determine fraud, noncompliance, or misspent funds. Grant recipients will need to retain 4 years of employment record and 3 years of other records following receipt of the grant.



Amount

Initial Grant: The amount equal to the **Lesser** of:

- 45% of 2019 gross earned revenue; or
- Entities that began operations after January 1, 2019 will be eligible for the average monthly gross earned revenue for each full month during which the eligible person or entity was in operation during 2019 multiplied by 6; or
- \$10,000,000

Supplemental Grant: If funds remain after initial grants are distributed, a second grant equal to 50% of the initial grant amount may be awarded to entities still experiencing 70% earned revenue loss when comparing the first quarter of 2021 with the first quarter of 2019. The total amount of the initial and supplemental grants awarded may not exceed \$10 million.



Allowable Use of Funds

- Initial grants may be used for allowable expenses incurred between March 1, 2020 and December 31, 2021. If a supplemental grant is received, those funds may be used for allowable expenses incurred before June 30, 2022.
- Allowable expenses include payroll, rent payments, mortgage payments, utilities, debt payments for debt incurred in the ordinary course of business prior to February 15, 2020, PPE, independent contractor payments up to \$100,000/year, maintenance expenses, administrative costs including fees and licensing costs, state and local taxes and fees, operating leases in effect as of February 15, 2020, insurance, worker protection expenditures, and advertising, production transportation and capital expenditures for live performances.
- Prohibited expenses include the purchase of real estate, loan payments on loans originated after February 15, 2020, to invest or re-lend funds, and political contributions.



Application Process

Important Dates such as when to Apply

- The Small Business Administration must write and implement regulations to administer the SVOG program. After that is completed, it will begin accepting initial grant applications. Applications for supplemental grants will likely not be accepted until on or after April 1, 2021.
- Days 1-14: The only award grants will be to entities whose total revenue for April 1, 2020 through Dec. 31, 2020 that is not more than 10% of their 2019 gross revenue for the same period.
- Days 15-28: The only award grants will be to entities whose total revenue for April 1, 2020 through Dec. 31, 2020 that is not more than 30% of their 2019 gross revenue for the same period.
- Day 29 and on: Any eligible entity may be awarded an initial grant.
- No more than 80% of the total allocation may be awarded in the first 28 days.
- \$2 billion (of the \$15 billion program) is reserved for entities with fewer than 50 FTEs.



NMSBDC Website



To Register for Training, request No Cost Business Counseling and/or Loan Application Assistance go to the SBDC website at www.nmsbdc.org

Visit the Website for Links to Numerous Other Resources



What to Do NOW?

Create a Strategy based upon available options:

- Gather your businesses financial information from 2019 and 2020 by quarter.
- Determine what round you qualify for based on the 3 time periods.
- Analyze and document what you need funds for and compare that against the allowable use of funds.
- Determine which of the allowable uses of funds that you can take advantage of based on your analysis.
- Determine the amount you are eligible for under SVOG, PPP and EIDL and decide what is your best option.
- Stay tuned for further information and guidance.
- The NMSBDC Network is always is ready to assist!



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QUESTIONS AND COMMENTS



SVO

WHAT WE KNOW

WHO IS RUNNING THIS THING?

- SBA Office of Disaster Assistance. They don't usually run grant programs, but loans such as EIDL program.
- MAY go through Grants.Gov
- NOT being run by NIVA. NIVA's role is to assemble the most up-to-date information possible and distribute it to every potentially eligible venue and promoter so that these entities can make the best decision possible.
- YOU CANNOT RECEIVE AN SVO if you APPLY for the PPP now.

WHO IS ELIGIBLE?

- Live performance venue operators and promoters
- Performing arts organizations
- Theatrical producers
- Talent representatives
- Motion picture theatre operators
- Non-profit museums

BROAD ELIGIBILITY:

- must have been “fully operational” on February 29, 2020.
- must be able to demonstrate 25% gross earned revenue loss in any one calendar quarter of 2020 compared with than the same calendar quarter of 2019.
- The business entity must be operating or intending to resume operations in the future.

NOT AVAILABLE TO:

- Any entities majority-owned / controlled by a publicly traded corporation.
- Entities who received more than 10 percent of gross revenue from federal funding during 2019 (FEMA disaster assistance excluded).
- Entities operating in more than one country.
- Entities operating in more than ten states.
- Entities employing more than 500 FTEs
- Strip clubs, other prurient / sexually-focused entities.

VENUE MUST HAVE ALL OF THESE:

- A defined performance and audience space.
- Mixing equipment, a public address system, and a lighting rig.
- Engages at least 2 of the following roles: sound engineer, booker, promoter, stage manager, security personnel, box office manager.
- Imposes a paid ticket or cover charge to attend most performances and artists are paid fairly and do not play for free or solely for tips
- Events are produced and managed primarily by paid employees, not volunteers.
- Performances are marketed through print or online media.

TWO WAYS TO BE ELIGIBLE:

- #1: principal business activity is to, organize, promote, produce, manage, or host live concerts, comedy shows, theatrical productions, or other events by performing artists.
 - Must charge cover.
 - Performers must be paid based on % of sales, written guarantee / standard contract, or another mutually beneficial formal agreement.
 - At least 70% of the entity's earned revenue is derived from cover charges or ticket sales, production fees or production reimbursements, nonprofit educational initiatives, or the sale of event beverages, food, or merchandise in conjunction with a live event.
- #2: The business entity, as a principal business activity, makes available for purchase by the public an average of not less than 60 days before the date of the event tickets to events by performing artists.
 - Performers must be paid in an amount based on percentage of sales, written guarantee /contract, or another mutually beneficial formal agreement.

AMOUNT

- Initial Grant: 45% of 2019 gross EARNED revenue or \$10 million, whichever is smaller.
 - NOTE: Entities that began operations after January 1, 2019 will be eligible for the average monthly gross earned revenue for each full month during which the eligible person or entity was in operation during 2019 multiplied by 6.
 - Supplemental Grant: If funds remain, a 2nd grant (50% of the initial grant amount) may be awarded to entities still experiencing 70% earned revenue loss when comparing the first quarter of 2021 with the first quarter of 2019. Total of both grants may not exceed \$10 million.

WHEN?

- “After rules are written by SBA”, the grant program will open.
- Supplemental Grants won’t start until April
- Priority Periods will apply for those most devastated businesses.

PRIORITY PERIODS

- (We aren't sure if everyone applies at once or if SBA will have a mechanism by which they refuse applications that don't meet the priority criteria)
- Days 1-14: entities whose total revenue for Apr. 1 - Dec. 31, 2020 is 10% or less of their 2019 GROSS revenue for the same period.
- Days 15-28: entities whose total revenue for Apr. 1, 2020 through Dec. 31, 2020 is 30% or less of their 2019 GROSS revenue for the same period.
- For calc of revenue loss, CARES Act funding should not be counted toward gross revenue. SBA may use alternate methods to determine loss of seasonal employers.
- Day 29 and on: Any eligible entity may apply.
- NOTE: No more than 80% of the total allocation may be awarded in the first 28 days.
- NOTE: \$2 billion (of the \$15 billion program) is reserved for entities with fewer than 50 FTEs.

ALLOWABLE EXPENSES

- Initial grants: expenses incurred between March 1, 2020 and December 31, 2021.
- Supplemental: expenses incurred before June 30, 2022.
- Allowable expenses: payroll, rent payments, mortgage payments, utilities, debt payments for debt incurred in the ordinary course of business, PPE, independent contractor payments up to \$100,000/year, maintenance expenses, administrative costs including fees and licensing costs, state and local taxes and fees, operating leases, insurance, and advertising, travel and capital expenditures for live performances.
- Prohibited expenses: purchase of real estate, loan payments on loans originated after February 15, 2020, investment or re-loan of funds, and political contributions.

IMPORTANT RULES

- The entity must certify that the uncertainty of current economic conditions makes necessary the grant to support the entity's ongoing operations.
- An entity is ineligible for an SOS grant if you receive a PPP loan on or after Dec. 27, 2020.
- Accrual accounting should be used to determine revenue.
- Unlike PPP, this program does not apply PPP affiliation rules. However, no more than five affiliated entities may receive an SOS grant. Each affiliated entity – including any parent company – must meet all eligibility requirements.
- Grant use will be reviewed by the SBA to determine fraud, noncompliance, or misspent funds. Grant recipients will need to retain 4 years of employment record and 3 years of other records following receipt of the grant.

WHAT YOU CAN DO TO PREPARE

- *Your 2020 and 2019 financials*
- *Your 2019 tax returns*
- *Your DUNS number*
- *Active SAMS account with CAGE Code assignment.*
- *REGISTER for an account at [Grants.Gov](https://www.Grants.Gov). This only takes a few minutes, but you need to have your SAMS account and DUNS number handy.*
- **Need help pulling your books together?**
- Local SBDCs (Small Business Development Centers)
- Local Small Business Admin Womens Business Centers
- Local SCORE (Service Core of Retired Executives) offices