



Legislative Fiscal Bureau

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April 7, 2021

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 281: Allocation of Federal American Rescue Plan Act of 2021 Funds for Grants to Small Businesses

Senate Bill 281 (SB 281) was introduced on April 5, 2021, and was referred to the Joint Committee on Finance. (The companion bill to SB 281 is Assembly Bill 233.)

SUMMARY OF BILL

SB 281 would require the Department of Revenue (DOR) to provide grants to any establishment that has its primary business activity in Wisconsin. Under the bill, the Governor would be required to allocate \$200,000,000 of the funds accepted under the state fiscal recovery fund (SFRF) created by the federal American Rescue Plan Act (ARPA) of 2021 for this program.

For an establishment to be eligible for a grant, it would have to: (a) hold a valid business tax registration certificate with DOR; (b) have had total sales of less than \$7,000,000, as reported on its 2019 state sales tax returns; and (c) have suffered economic damages in 2020 as a result of the COVID-19 pandemic. However, businesses that appear on DOR's delinquent taxpayer list, the Department of Administration's compliance vendor directory, or the Department of Transportation's debarred contractors list would not be eligible for a small business grant.

In the manner determined by DOR, a business could receive a grant payment by filing an application with the Department. Prior to accepting applications for grants, DOR would have to submit to the Joint Committee on Finance a plan for implementing this small business grant program. After receiving the plan, the Co-chairpersons of the Committee could either: (a) direct DOR to implement the plan; or (b) convene a meeting of the Committee within 14 days after the plan is submitted to approve, or modify and approve, the plan. The Department would have to implement the plan as approved by the Committee.

FEDERAL STATE FISCAL RECOVERY FUND (SFRF)

Under ARPA, the U.S. Department of Treasury is charged with distributing SFRF funds and providing guidance on how these funds may be spent by the states. The federal ARPA legislation authorizes SFRF payments to be used to cover costs incurred prior to December 31, 2024, to respond to the coronavirus pandemic or its negative economic impacts, including costs incurred for assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality. It appears that allocating SFRF funds under SB 281 for grants to small businesses that have suffered economic damages in 2020 as a result of the COVID-19 pandemic would be considered an allowable use of this federal funding.

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