

Small Business Investment Grant Fund

The *Small Business Investment Grant Fund* was designed to assist Virginia's small businesses seeking to raise equity to capitalize their growth. Grant funds are provided to qualifying investors in qualifying small businesses. With the influx of new investment, these businesses will be better able to create economic benefit to the Commonwealth by increasing capital investment and creating jobs in Virginia.

Eligible Businesses:

A Qualified Business must meet all of the following criteria:

- Have annual gross revenues of no more than \$5 million in its most recent fiscal year, and
- Have its principal office or facility in the Commonwealth, and
- Is engaged in business primarily in or does substantially all of its production in the Commonwealth, and
- May not have obtained during its existence more than \$5 million in aggregate gross cash proceeds from the issuance of its equity or debt investments, not including commercial loans from financial institutions, and
- Have no more than 50 employees who are employed within the Commonwealth.

Amount of Grant:

- Grants shall be the lesser of 50% of the Qualified Investment or a maximum of \$50,000 and shall be subject to the \$250,000 lifetime maximum for the program (below).
- Over the lifetime of the program, an eligible investor may not receive aggregate grant allocations from the *Small Business Investment Grant Fund* which are in excess of \$250,000.

Eligible Investors:

- An individual subject to Virginia State Income tax (§ 58.1-320).
- An Eligible Investor may not be an individual who engages in the business of making debt or equity investments in private businesses, or any person who is a partner, shareholder, member, or owner of an entity that engages in such business.
- An Eligible Investor shall not be awarded a grant pursuant to this section for any investment in a small business for which the Eligible investor has been allowed a Virginia Tax Credit pursuant to § 58.1-339.4

Eligible Investment:

- Is a cash investment in a Qualified Business in the form of equity or subordinated debt and made into a Qualified Business on or after July 1, 2016, but prior to January 1, 2019.
- If subordinated debt, the investment may not require principal repayment for the first 3 years after issuance, may be not guaranteed by any other person or secured by assets of the Business or any person, and must be subordinated to all indebtedness of the Qualified Business to national or state-chartered banks.

Except under specific conditions stated in the Code of Virginia, failure by the Investor to hold the equity for a minimum of 2 years in the Business shall result in a forfeiture of the grant and shall require payment of interest on the total *Small Business Investment Grant* at the rate of 1% per month, compounded monthly, from the date the grant was awarded to the Investor.

If you have any questions, please feel free to contact the Virginia Small Business Financing Authority office at 804-371-8254 or visit our website <https://www.sbsd.virginia.gov>