

Small Business Investment Grant Fund

The *Small Business Investment Grant* Fund was designed to assist Virginia’s small businesses seeking to raise capital in support of their growth. The goal of the grant is to encourage new investment that will provide a long-term benefit by increasing capital investments. The grant to investors is provided through the Code of Virginia §2.2-1616.

The Virginia Small Business Financing Authority administers the grant and is responsible to certify applicant small businesses, investors, and investments for grant eligibility. Below is the eligibility criteria:

Eligible Small Business:

A business must meet all of the following criteria:

- Be a corporation, pass-through entity, or other entity, (sole proprietorships are not eligible) and,
- 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
- 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:

- All grant awards are subject to fund availability
- Grants shall be the lesser of 25% of the qualified investment or \$50,000.
- Lifetime \$250,000 maximum per investor.
- Annual \$250,000 maximum per small business.
- Violation of the terms of the grant will result in forfeiture of grant proceeds and payment of interest.

Eligible Investors:

- An individual subject to Virginia State Tax pursuant to § 58.1-320 or a special purpose entity established for the purpose of making investments for such an individual.
- 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 for any investment in a small business for which the Eligible investor has been or will be allowed a Virginia Tax Credit pursuant to § 58.1-339.4

Eligible Investments:

- 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, 2019, but prior to January 1, 2022. Equity investment must remain in place for 2 years.
- If subordinated debt, the investment may not require principal repayment for the first 3 years after issuance, may not be 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.

This information sheet does not contain all information concerning grant fund. If you have any questions, please feel free to contact the Virginia Small Business Financing Authority office at 804-371-8254.