



IOLEBA LAW GUILD | ATTORNEY SUPPORT TOOL

AI Funding Checklist for Main Street Clients

This checklist is designed for lawyers to share with -- or complete alongside -- small-business clients that are planning to adopt artificial intelligence tools. The **AI for Main Street Act** primarily expands Small Business Development Center support and guidance rather than creating a large standalone grant pool. Clients should look at SBA programs, SBDC advising, and state or regional incentives as the main funding paths. Work through each section before the client approaches any lender, SBDC, or grant agency.

1 Confirm the Business Purpose

- [] Identify the planned AI use case: marketing automation, customer service, hiring support, bookkeeping, forecasting, contract review, or operations.
- [] Determine whether the project is for efficiency, growth, compliance, workforce training, or product development.
- [] Estimate the budget for software, hardware, integration, employee training, cybersecurity, and legal review before seeking funding.

2 Check SBA and SBDC Pathways

- [] Contact the nearest Small Business Development Center and ask whether it offers AI readiness counseling or digital-adoption guidance under current SBA support programs.
- [] Ask an SBA lender whether the proposed project may qualify under 7(a) financing for AI-related software, equipment, or implementation costs.
- [] Determine whether the client may qualify for any AI-related training support or grant add-on tied to workforce upskilling and loan use.

3 Review Possible Funding Sources

Funding Path	What to Ask	Why It Matters
SBA 7(a) Loan	Can software, devices, implementation, and training be included?	AI-related costs may be financeable through existing SBA-backed lending channels.



Funding Path	What to Ask	Why It Matters
SBDC Support (No-Cost)	Does the local center provide AI planning, vendor evaluation, or training referrals?	The AI for Main Street Act works primarily through SBA/SBDC support infrastructure.
State Grants (FL, TX, CA, NC, IL, NY)	Does the state offer digital transformation, AI, innovation, or workforce grants?	Many states are layering direct incentives on top of federal programs -- up to \$100K in FL, \$500K in TX via TEF, \$250K via NY ESD.
AI Grant Add-On (Forgivable)	Does the client's 7(a) loan plan include certifying at least three employees in AI management?	Up to \$50,000 forgivable when tied to qualifying employee upskilling -- requires advance planning before loan closing.
Innovation Grants (NSF SBIR/STTR)	Is the company building an AI product rather than only using AI internally?	NSF and similar programs fit R&D-driven; businesses better than ordinary operating subsidies.

Attorney Tip	The most effective strategy is to stack sources: a 7(a) loan for hardware and implementation + the forgivable \$50K grant add-on for employee certification + a state grant for software and training. In NY and CA, combined packages can offset 60-80% of total AI implementation costs.
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4 Conduct Legal Due Diligence Before Applying

- [] Review vendor contracts for data ownership, model-training permissions, indemnity, limitations of liability, and confidentiality terms.
- [] Check whether the project touches customer, employee, health, financial, or student data that may trigger privacy or sector-specific compliance rules (CCPA, HIPAA, GLBA, BIPA).
- [] Evaluate whether the AI system will influence hiring, lending, pricing, eligibility, or other decisions that could create discrimination or consumer-protection risk.
- [] Confirm whether grant or loan applications require representations about cybersecurity posture, recordkeeping, workforce training, or measurable business outcomes.

5 Prepare Documents Clients Should Gather

- [] Recent financial statements and cash-flow projections.
- [] A short project scope describing the AI tool, expected business use, and implementation timeline.
- [] Quotes or proposals from vendors, consultants, or training providers.
- [] A basic data-governance or AI-use policy if the business will process sensitive information.
- [] A staffing or training plan showing who will use the system and how oversight will work.

6 Questions Lawyers Should Ask Clients

Question	Why It Matters
What AI tools are already in use, even informally, by employees or contractors?	Unauthorized AI use is among the most common sources of data breach exposure for small businesses.
Will business data entered into the tool remain private, or can the provider reuse it for model training?	Many consumer-grade platforms retain data-reuse rights. For clients with sensitive data, this is a material legal risk.
Is there human review before the AI output affects customers, workers, or legal obligations?	Establish the review protocol before, not after, an error causes harm.
Is the client seeking funds to buy AI tools, to train staff, or to build a new AI-enabled product?	The answer determines which SBA program, state grant, or SBDC service is the right fit -- and which representations are required.



Question	Why It Matters
Has the client checked local SBDC, state commerce, workforce, or economic-development programs in addition to federal options?	Under the AI for Main Street Act, SBDCs now provide free AI readiness counseling. Many clients do not know this.

7 Practical Lawyer Guidance

Lawyers can add AI funding review to small-business intake, annual legal checkups, and contract review workflows. A strong approach is to treat funding and compliance together: identify the money source, confirm eligible uses, review vendor and data risks, and document a human-supervision plan before the client deploys the tool.

Attorney Tip	The June 15, 2026 SBA deadline is critical. Firms and clients completing AI implementation with proper documentation before that date may qualify for federal hardware reimbursement and the forgivable \$50,000 grant add-on. Module 4 of the Sovereign Counsel program walks through every step of the SBA application, including the employee certification component. Visit tinyurl.com/ilg-news to access the program.
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This checklist is an attorney support tool published by The IOLEBA Legal Guild as part of the Sovereign Counsel: AI Ethics and Risk Management program. It is for informational purposes only and does not constitute legal advice. SBA and state funding details reflect publicly available program information as of May 2026 and are subject to change. Verify current program terms with the SBA, state agencies, and regional SBDC networks before advising clients on specific applications.

H.R. 5764 AI for Main Street Act | SBA 7(a) Program | FL / TX / CA / NC / IL / NY SBDC Networks | ioleba.net | tinyurl.com/ilg-news