

**Economic Aid Act (Pub. L. 116-260 (December 27, 2020))**

# **Federal Stimulus Actions to Help Small Business Weather the Coronavirus Pandemic**



**MAJOR PROVISIONS | IMPLEMENTATION | RESOURCES**

**Tom Sullivan**

**Vice President**

**Small Business Policy  
U.S. Chamber of Commerce**



**U.S. Chamber of Commerce  
Small Business Policy**



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# STIMULUS LEGISLATION CONTAINS \$325 BILLION FOR SMALL BUSIN

- **Congress passed bi-partisan stimulus legislation on Christmas Eve and President Trump signed "Economic Aid Act" into law on December 27<sup>th</sup>.**
- **\$284.45 billion PPP loan program; \$20 billion for EIDL grants; \$15 billion grant program for shuttered live venues; \$3.5 billion for SBA 7(a) loan debt relief; \$2 billion for agency improvements.**
- **Economic Aid Act creates a PPP "2<sup>nd</sup> Draw" loan program that prioritizes resources for for micro-businesses, minority-owned businesses, and businesses in underserved and underbanked communities.**



## ECONOMIC AID ACT (CONT.)

- **501(c)(6) organizations like chambers of commerce and travel & tourism non-profits can now apply for PPP “first draw” loans.**
- **PPP loans and SBA EIDL grants are tax free**
- **Expansion of Employee Retention Tax Credit benefits PPP borrowers**



# PAYCHECK PROTECTION PROGRAM (PPP)

## First Draw

- Open to all SBA-registered lenders as of January 19, 2021
- Borrower has not received a PPP loan
- Business in operation on February 15, 2020
- 500 or fewer employees \*300 for 501(c)(6)
- Loans by private lenders for 2 ½ months payroll
- Max loan \$10 million; 1.0% fixed rate, 5-yr term
- 1099 payments not included as FTEs
- Partnerships apply as one business entity
- After 8 to 24-week period, loan converted to grant if 60% spent on payroll 40% for expenses
- Deadline for PPP applications is March 31, 2021



## Paycheck Protection Program Borrower Application Form Revised January 8, 2021

OMB Control No.: 3245-0407  
Expiration Date: 7/31/2021

<b>Check One:</b> <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent Contractor <input type="checkbox"/> Self-Employed Individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(6) organization <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Housing cooperative <input type="checkbox"/> Tribal Business <input type="checkbox"/> Other	<b>DBA or Tradename (if applicable)</b>	<b>Year of Establishment (if applicable)</b>
<b>Business Legal Name</b>	<b>NAICS Code</b>	<b>Applicant (including affiliates, if applicable) Meets Size Standard (check one):</b>
		<input type="checkbox"/> No more than 500 employees (or 300 employees, if applicable) <input type="checkbox"/> SBA industry size standards <input type="checkbox"/> SBA alternative size standard
<b>Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)</b>	<b>Business TIN (EIN, SSN)</b>	<b>Business Phone</b>
	<b>Primary Contact</b>	<b>Email Address</b>

<b>Average Monthly Payroll:</b>	\$	<b>x 2.5 + EIDL (Do Not Include Any EIDL Advance) equals Loan Request Amount:</b>	\$	<b>Number of Employees:</b>	
<b>Purpose of the loan (select all that apply):</b>	<input type="checkbox"/> Payroll Costs	<input type="checkbox"/> Rent / Mortgage Interest	<input type="checkbox"/> Utilities	<input type="checkbox"/> Covered Operations Expenditures	
	<input type="checkbox"/> Covered Property Damage	<input type="checkbox"/> Covered Supplier Costs	<input type="checkbox"/> Covered Worker Protection Expenditures	<input type="checkbox"/> Other (explain): _____	



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# HOW ECONOMIC AID ACT IMPACTS EXISTING PPP LOANS

- **Tax Treatment:** Regular business expenses paid by PPP loan proceeds are deductible (applies to past and future loans)
- **Expenses Qualifying for Forgiveness:** Operations expenses; Supplier costs; PPE, and Property damage from riots (combined with original PPP allowable expenses: mortgage interest, rent, and utilities)
- **EIDL grant treatment:** PPP forgiveness no longer diminished by SBA EIDL grant income
- **“Covered Period” for PPP Loan:** Borrower’s choice between 8 and 24 weeks after origination
- **Simplified Forgiveness:** Simplified one-page form for PPP loans under \$150,000



# PPP "2<sup>ND</sup> DRAW" LOANS

## Eligibility:


- Exhausted first PPP loan
- No more than 300 employees
- 25% reduction in gross receipts for any quarter in 2020 compared to 2019

## Amount:

- 2 ½ months payroll (same as PPP 1<sup>st</sup> Draw)
- \*3 ½ months payroll for NAICS 72
- Max loan \$2 million
- After 8 to 24-week period, loan converted to grant if 60% spent on payroll 40% on expenses (same as PPP 1<sup>st</sup> Draw)

- Deadline for applications is March 31, 2021

**Loan Forgiveness:** Same terms as for PPP "1st draws"



### Paycheck Protection Program Second Draw Borrower Application Form

OMB Control No.: 3245-0417  
Expiration Date: 7/31/2021

<b>Check One:</b> <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent Contractor <input type="checkbox"/> Self-Employed Individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(6) organization <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Housing cooperative <input type="checkbox"/> Tribal Business <input type="checkbox"/> Other		DBA or Tradename (if applicable)	Year of Establishment (if applicable)
Business Legal Name		NAICS Code	
Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)		Business TIN (EIN, SSN)	Business Phone
		Primary Contact	Email Address
Average Monthly Payroll:	\$	x 2.5 (or x 3.5 for NAICS 72 applicants) equals Loan Request Amount (may not exceed \$2,000,000):	\$
Purpose of the loan (select all that apply):	<input type="checkbox"/> Payroll Costs	<input type="checkbox"/> Rent / Mortgage Interest	<input type="checkbox"/> Utilities
	<input type="checkbox"/> Covered Property Damage	<input type="checkbox"/> Covered Supplier Costs	<input type="checkbox"/> Covered Worker Protection Expenditures
PPP First Draw SBA Loan Number:			
Reduction in Gross Receipts of at Least 25% (Applicants for loans of \$150,000 or less may leave blank but must provide upon or before seeking loan forgiveness or upon SBA request):	2020 Quarter (e.g., 2Q 2020):		Reference Quarter (e.g., 2Q 2019):
	Gross Receipts:	\$	Gross Receipts \$



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# EMPLOYEE RETENTION TAX CREDIT

- **Significant expansion of ERTC**

- New credit is 70% on \$10K in qualified wages per quarter or maximum \$14,000 per employee through June 30, 2021

- Applied against employer portion of withholding

- Eligibility:

- Employers who experienced a decline of more than 20%
- Employers up to 500 employees irrespective of employee providing services
- \*Note: Shuttered 501 (c )(6)s can qualify
- May apply retroactively to 2020 wages

- Contact accountant, payroll provider, bookkeeper, tax preparer

	Employee Retention Tax Credit	Second Draw PPP Loan
WHAT IT PROVIDES	Refundable, advanceable tax credit of up to \$14,000 per employee	Forgivable loan of up to \$2 Million
WHO QUALIFIES	Businesses with 500 or fewer employees, more than 20% decline of gross receipts in a quarter compared to 2019	Businesses with fewer than 300 employees, exhausted first PPP loan, more than 25% decline of gross receipts in a quarter compared to 2019

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# \$15 BILLION GRANT PROGRAM FOR SHUTTERED VENUE OPERATORS

## Eligibility:

- Live venue operator, promoter, theatrical producer, or live performing arts with 500 or fewer employees
- Have not received PPP loan after Dec. 27, 2020
- 70% earned income generated by live events
- In operation no later than February 29, 2020
- 25% reduction in gross receipts

## Amount:

- The lesser of \$10 million or 45% of 2019 revenue
- Applicants with 90% or greater loss awarded first
- 70% or greater loss awarded second
- Funds to be used for payroll, rent, utilities, and PPE

\* 1/10/21, SBA guidance: [sba.gov/coronavirusrelief](https://www.sba.gov/coronavirusrelief)

**\* SBA NOT ACCEPTING APPLICATIONS YET**

	Targeted EIDL Grant	Live Venue Grant
WHAT IT PROVIDES	Priority for a full EIDL Grant of \$10,000	Grant of \$10 million or 45% of 2019 gross earned revenue, whichever is less
WHO QUALIFIES	300 or fewer employees, located in a census tract eligible for New Market Tax Credit, 30% reduction in gross receipts for an 8-week period between 3/2/20 and 12/31/20 compared to a similar period	A live venue operator or promoter, theatrical producer, or live performing arts organization operator, a museum operator, a motion picture theatre operator, or a talent representative who has experienced at least 25% reduction in gross earned income

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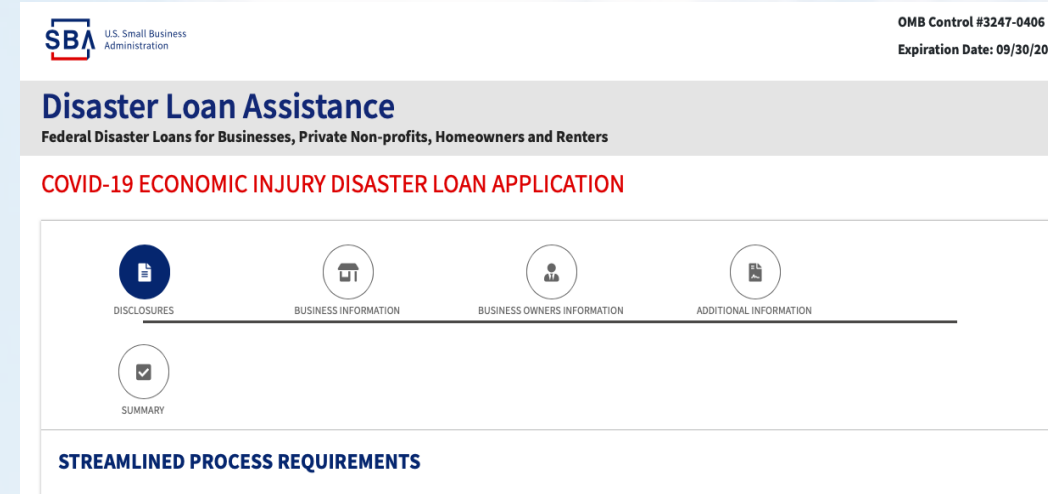


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# SBA ECONOMIC INJURY DISASTER LOANS (EIDLs)

- Small businesses & non-profits with 500 or fewer employees
- Loan amount based on 6-months of working capital
- SBA limited loans to \$150,000 last year. Term is 3.75% for 30-yr term
- Collateral required EIDLs over \$25K; Personal guarantee over \$200K
- Apply at: <https://covid19relief.sba.gov/>
- Customer Service 1-800-659-2955  
[disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov) 7 Days/Week 8am-8pm EST.
- Once an applicant is assigned a case #, check status at: <https://disasterloan.sba.gov/ela/Account/Login>.



The screenshot shows the SBA Disaster Loan Assistance application interface. At the top left is the SBA logo and "U.S. Small Business Administration". At the top right is "OMB Control #3247-0406" and "Expiration Date: 09/30/20". Below this is a grey header with "Disaster Loan Assistance" and "Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters". The main heading is "COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION". A progress bar shows four steps: DISCLOSURES (with a document icon), BUSINESS INFORMATION (with a building icon), BUSINESS OWNERS INFORMATION (with a person icon), and ADDITIONAL INFORMATION (with a document icon). Below this, a "SUMMARY" step is shown with a checkmark icon. At the bottom, there is a section titled "STREAMLINED PROCESS REQUIREMENTS".



# EIDL GRANTS

- EIDL Advance (under CARES Act) versus Targeted EIDL Advance (under Economic Aid Act)
- Economic Aid Act authorized \$10,000 grants:
  - No more than 300 employees & in a low-income neighborhood
  - Economic loss greater than 30% (any 8-wk period between 3/3/20 and 12/31/20 compared to comparable 8-wk period prior to 3/2/20)
- \*Guidance for \$10,000 grants **not available yet** (as of 1-26-21)



# LATEST SMALL BUSINESS NEWS

- SBA re-opened PPP loan portal on Monday, January 11<sup>th</sup> prioritizing CFI's, then small banks and credit unions (Friday). On Tuesday, January 19 the PPP loan portal opened for all lenders for PPP 1<sup>st</sup> and 2<sup>nd</sup> Draw loans.
- Sunday, January 31st, SBA had approved 891,044 PPP loans from 4,942 lenders totaling over \$72.7 billion out of \$284 billion available.
- Over 226,000 PPP 1<sup>st</sup> Draw loans totaling almost \$4.8 billion with amounts averaging \$21,157. Over 664,000 PPP 2nd Draw loans totaling nearly \$68 billion with amounts averaging \$102,228.
- Shuttered Venue Operator Grants FAQ available, but SBA not accepting applications.
- EIDL Grants will be calculated by SBA and sent to borrowers.



# DIGITAL RESOURCES



U.S. Chamber of Commerce Foundation

## Disaster Help Desk for Business

The Disaster Help Desk assists small businesses with disaster readiness, relief, and long-term recovery

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## SAVE SMALL BUSINESS INITIATIVE

1. Financial Aid
2. Guides and Webinars
3. Policy Advocacy
4. Research and Polling

DEC 22, 2020 - 1:00PM



## Guide to Small Business COVID-19 Emergency Loans

What Small Businesses Need to Know About the New Pandemic Relief Package – Changes to PPP and More

[www.uschamber.com/sbloans](http://www.uschamber.com/sbloans)

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## For businesses looking for

- ✓ A Reopening Playbook
- ✓ State-Specific Guidance
- ✓ Industry-Specific Guidance
- ✓ Employee Screening Questions
- ✓ CDC and OSHA Guidelines

**FIND IT ALL HERE**



Join us in helping small businesses across America keep their workers employed and their dreams alive

**SHOP SMALL EVERYDAY**



RSVP! Cybersecurity for Small Businesses — Thurs. (12/3) @ 12PM ET

## CO Coronavirus Small Business Resources Guide

Everything you need to help your business survive and grow as you adapt to the new world of running a small business in the age of the COVID pandemic.

<https://www.uschamber.com/save-small->



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