



COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

Here's a breakdown of the major provisions for small business assistance that was included in Congress' two trillion dollar federal Coronavirus stimulus package passed by the House and Senate last week, from *CNN Business*.

- ‡ An emergency grant of up to \$10,000: Small businesses may apply directly to the federal Small Business Administration to receive an economic injury disaster grant of up to \$10,000 that does not need to be paid back.

The money would be paid out to business owners within three days of their application's submission. It can be used to maintain payroll, cover paid sick leave and service other debt obligations.

- ‡ Short-term forgiveness on new loans of up to \$10 million: The bill allots \$350 billion for special SBA loans that may be partially forgiven if certain conditions are met.

SBA lenders will be authorized to make loans equal to 250% of an employer's average monthly payroll up to \$10 million.

Under that loan, eight weeks' worth of payroll obligations (including wages and benefits), plus rent or mortgage payments and utilities will be forgiven, and the amount forgiven would not be treated as taxable income to the small business owner.

The new loans will be available through 800 SBA-approved banks, credit unions and other lenders. But the bill also calls on the SBA and Treasury to increase the number of lenders offering the new loans. And it calls on the agencies to expedite the loan process.

Lastly, owners who also take the \$10,000 grant described above will see the amount of their loan forgiveness reduced by \$10,000.

- ‡ Provides a hiatus on paying existing SBA loans: Business owners that already have an existing SBA loan will not have to pay interest or principal on it for six months.

The bill allots \$17 billion for the SBA to cover those payments instead.



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- ‡ A payroll tax credit to help retain employees: Businesses that have experienced a 50% drop in gross receipts relative to the same quarter last year may qualify for a payroll tax credit worth up to \$10,000 per employee so long as they are still paying their employees' wages and/or health benefits.

Even businesses that have furloughed employees due to forced closures under state and local mandates may claim the credit as long as they are still paying their workers' wages or health benefits on furlough.

The credit would reduce the small business' payroll tax liability and the employer may get an advance on that credit from the IRS.

The credit would also be refundable, meaning it would still be paid in full even if it exceeds the business owner's payroll tax liability.

But there is one caveat: small businesses that opt to claim this credit will not be allowed to apply for the new SBA forgivable loans.

- ‡ Other individual provisions: Small business owners, particularly self-employed independent contractors, may qualify for one or more of the provisions in the bill designed to help workers through direct cash payments and temporarily enhanced unemployment benefits.

Source: CNN Business, March 26, 2020

Links to more information about the federal Coronavirus stimulus aid:

<https://www.nytimes.com/article/coronavirus-stimulus-package-questions-answers.html>

<https://www.investopedia.com/what-s-in-the-usd2-trillion-coronavirus-stimulus-bill-4800882>

<https://www.forbes.com/sites/advisor/2020/03/27/your-guide-to-the-federal-stimulus-package/#26caa2c22711>

<https://www.uschamber.com/coronavirus>