

The Coronavirus Aid, Relief, and Economic Security Act

● Small Business Paycheck Protection Program

- \$349 billion loan program, modeled on the SBA 7(a) program
 - Loans can be used to
 - Retain workers
 - Maintain payroll
 - Make mortgage/lease payments
 - Pay utilities
 - 100% government guarantee
- Eligibility
 - Businesses and 501(c)(3) non-profits with less than 500 employees
 - Some sectors the definition allows for up to 1,500 employees
 - Some sectors the definition is based on revenue
 - Businesses in the Accommodation and Food Services Sector with less than 500 employees at each location
 - Sole proprietors, the self-employed, and independent contractors
- All lenders may issue loans, not just the SBA
- Businesses with credit elsewhere are still eligible
- Fees, principals, and interest are deferred for at least six months but no more than one year
- Maximum loans covers monthly payroll costs for 2½ months
 - Excludes individual compensations above \$100,000 a year
 - No loan can exceed \$10 million in the aggregate
- Loan forgiveness
 - Amount equal to payroll costs, interest on mortgage/lease payments, and utility payments will be forgiven in full
 - Loan forgiveness is reduced at a similar rate to any reduction in employment
 - Also reduced if a business reduces wages/salaries by more than 25%

● SBA's Economic Injury Disaster Loans

- Loans can now be made solely on credit scores
- All non-profits are now eligible
- Loans below \$200,000 do not need a personal guarantee
- Borrowers can receive \$10,000 cash advances that are forgiven if spent on paid leave, payroll, increased costs, mortgage/lease payments, or other obligations

● Middle Market Loan Facility

- Allows banks to provide loans to businesses and nonprofits with 500-10,000 employees
- No more than 2% interest rate
 - No interest for first 6 months
- Used to retain at least 90% of workforce with full wages and benefits
- No buybacks or dividend payments
- No outsourcing of jobs
- Requires neutrality in union organizing activities

- **Other Loan Programs**

- \$25 billion in loans for passenger air carriers
- \$4 billion in loans for cargo air carriers
- \$17 billion in loans for businesses critical to national security
 - Restrictions on the above three loans
 - Secured for no more than five years
 - And while loan is outstanding plus an additional year
 - No stock repurchases or dividend payments
 - Maintain existing level of employment as of March 24th, 2020
 - One year after loan is no longer outstanding, restrictions on pay increases/severance packages
- \$454 billion for loans and investments in support of Federal Reserve credit facilities

- **Business Taxes**

- Fully refundable 50% tax credit applicable to payroll taxes for employers subject to closure due to COVID-19
 - Up to \$10,000 per employee
- Delays payment of 50% of payroll taxes due between now and Jan. 1, 2021 to Dec. 31, 2021
 - Delays other half of payments due to Dec. 31, 2020
- For 2019 and 2020 business interest, the limitation is increased to 50%
- Allows for employers to delay payment of payroll taxes in anticipation of refunds for paid sick and paid FMLA leave

- **Delays required pension contributions due in 2020 to Jan. 1, 2021 with interest**

- **Bank Relief**

- Relieves banks from accounting standards for loan modifications related to COVID-19
- Temporary relief from CECL standards

- **Direct Payments**

- \$1,200 in direct payments to each individual taxpayer plus \$500 per child
 - \$2,400 to joint filers
 - No direct payments for those making above \$75,000

- **Unemployment**

- UI extended to 13 weeks
 - Includes a four month enhancement of benefits
 - Extension is completely covered by the federal government
- Individuals not eligible for regular UI or who have exhausted their UI benefits may still be eligible for unemployment compensation
 - Under certain COVID-19 related circumstances, as long as teleworking is not an option
 - Extension is completely covered by the federal government
- Neither provisions cover employees receiving paid sick or family leave

- **Defers student loan payments, principal, and interest through September 30, 2020**
- **Provides \$32 billion to the airline industry in order to support employee wages and benefits**
- **Allocates \$1.5 billion to the Economic Development Administration**
 - Supports economic development grants for states and communities suffering economic injury
- **Allocates \$50 million to the Manufacturing Extension Partnership**
 - To help small and medium sized manufacturers recover from the economic impacts of the coronavirus
- **Allocates \$562 million to the SBA**
 - Additional funding for administrative expenses and program subsidy for Disaster Loans Program
- **Allocates \$9.1 million to the Cybersecurity and Infrastructure Agency**
 - Improved coordination for the protection of critical infrastructure worldwide