Federal Stimulus Actions to Help Small Business Weather the Coronavirus Pandemic

**MAJOR PROVISIONS** | **IMPLEMENTATION** | **RESOURCES**

**The Federal CARES Act**

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THREE LAWS IN THREE WEEKS – WASHINGTON’S QUICK ACTION

- Coronavirus Preparedness and Response Supplemental Appropriations Act (March 6, 2020)
- Families First Coronavirus Response Act (March 18, 2020)
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (March 27, 2020)
KEY PROVISIONS FOR SMALL BUSINESSES

Small Businesses, Self-Employed, Independent Contractors, & Non-Profits

- SBA Economic Injury Disaster Loans (EIDL)
- Paycheck Protection Program
SMALL BUSINESSES, SELF-EMPLOYED, INDEPENDENT CONTRACTORS, NON-PROFITS

SBA Economic Injury Disaster Loans (EIDLs)

- SBA Disaster Loans with a 60-year history
- Small businesses & non-profits with 500 or fewer employees
- ESOPs, Self-employed & independent contractors
- Up to $2 million working capital loan up to 30-year term
- 3.75% business; 2.75% non-profits. Payments deferred for 1 year
- Up to $10,000 emergency grant, not tied to loan acceptance
- Economic Injury Disaster Loans (EIDLs) can be refinanced into PPP loan
- Streamlined application through www.SBA.gov/disaster
Paycheck Protection Program (PPP)

- $349 Billion in loans for small business (generally 500 or fewer employees), 501(c)(3)s, self-employed, sole proprietors, and independent contractors
- Loans by private lenders equal the lesser of 2 ½ months of average payroll or $10 million
- PPP loans have a 1.0% fixed rate and the loan is due in 2 years.
- 1099 payments not included in payroll calculation. IC’s eligible for their own PPP loans
- Loans convert to grants and 75% of the loan proceeds must be spent on payroll
- Loan forgiveness is reduced proportionally if the employer reduces number of FTEs
- Loan forgiveness is reduced if employer reduces wages by more than 25%
- Employer can avoid reduction in forgiveness if they bring back employees and restore wages by June 30th
SMALL BUSINESSES, SELF-EMPLOYED, INDEPENDENT CONTRACTORS, NON-PROFITS

Paycheck Protection Program (PPP) LATEST NEWS

• On Friday, April 3rd, SBA 7(a) lenders began offering Paycheck Protection Program (PPP) loans for small businesses.
• On Saturday, April 4th, SBA updated eligibility criteria for faith-based organizations and churches.
• U.S. Chamber of Commerce requested that Congress provide additional PPP funding.
• As of Wednesday, April 8th, $100 billion of loans were in the system.
• Wednesday night, Treasury & SBA issued additional guidance for borrowers and lenders.
• Starting Friday, April 10th, SBA 7(a) lenders will extend PPP loans to non-employer small businesses.
• PPP lenders have grown from 1,800 to over 2,400. Ask your bank if they offer PPP loans.
LEARN MORE ABOUT THE PAYCHECK PROTECTION PROGRAM

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The Coronavirus Aid, Relief, and Economic Security (CARES) Act allocated $350 billion to help small businesses keep workers employed amid the pandemic and economic downturn. Known as the Paycheck Protection Program, the initiative provides 100% federally guaranteed loans to small businesses.

Importantly, these loans may be forgiven if borrowers maintain their payrolls during the crisis or rehire their payrolls afterward.

The administration soon will release more details including the list of lenders offering loans under the program. In the meantime, the U.S. Chamber of Commerce has issued this guide to help small businesses and self-employed individuals prepare to file for a loan.

Here are the questions you may be asking—and what you need to know.