



What's in the COVID19 Relief Bill?

On Monday, December 21, 2020, Congress passed a \$900 billion relief package in response to COVID-19 in connection with its annual spending bill. This bill addresses many items impacting businesses and taxpayers facing economic uncertainty. Please find below a summary of the new package for your review:

PAYCHECK PROTECTION PROGRAM (PPP)

- \$284.45 billion appropriated in latest round of PPP and includes the following allocations:
 - a) \$35 billion set aside for first-time borrowers
 - b) \$25 billion is set aside for smaller organizations with 10 employees or less or loans less than \$250,000 in low-income areas
 - c) \$15 billion in guarantees for CDFI's and MDI's to participate in the program
- Establishes 2nd Draw criteria:
 - a) Max loan amount of \$2 million
 - b) For organizations with less than 300 employees
 - c) Must have used or will use the full amount of first PPP loan
 - d) Must show at least a 25% reduction in revenue in the first, second, or third quarter of 2020 as compared to the same period in 2019; applications submitted on or after January 1, 2021 may use a fourth quarter 2020/2019 comparison
 - e) 60/40 cost allocation between payroll and non-payroll costs to receive full forgiveness remains the same for 2nd Draw
- Increases the PPP loan amount for NAICS 72 businesses (Accommodations and Food Service)
- Creates a simplified PPP loan forgiveness application for loans under \$150,000 dollars whereby the borrower signs and submits a one-page certification that requires the borrower to list the loan amount, the number of employees retained, and the estimated total amount of the loan spent on payroll costs
- Makes eligible 501c6s, destination marketing organizations (DMOs), housing cooperatives, newspapers, broadcasters, and radio stations
- *501(c)6 organizations are eligible to participate, including economic development organizations that are registered as 501(c)6 organizations, if:*

- a) Less than 300 employees
 - b) Not more than 15% of gross receipts from lobbying activities
 - c) Not more than 15% of organization activity constitutes lobbying
 - d) Not a professional sports league or political campaign or activity
 - e) Effective date is 'as if it were included in the CARES Act', meaning 501(c)6 organizations are effectively retroactively eligible
- Repeals the CARES Act provision that requires PPP borrowers to deduct their EIDL Advance from their PPP loan forgiveness amount
 - Program extended until March 31, 2021
 - Tax issues resolved:
 - a) Gross income does not include any forgivable amount of the PPP loan
 - b) Deductions are allowed for deductible expenses paid for by any forgiven amount from PPP loan
 - Eligible uses formally expanded:
 - a) Covered operations (software, tech, human resources, etc), covered property damage (associated with 'disturbances' happening during 2020), covered supplier costs (supplies, inventory, etc), covered health and safety expenses (PPE, testing, etc) were further clarified as eligible uses of PPP loans and eligible for forgiveness
 - b) Benefits such as life insurance, disability insurance, vision and dental were also clarified to be eligible covered expenses
 - Borrower may select their covered period end date, between 8 and 24 weeks after origination

ECONOMIC INJURY DISASTER LOAN (EIDL) ADVANCE PROGRAM REOPENS

- Provides \$20 billion dollars to restart and extend the SBA's EIDL Advance Grant for small businesses in low-income communities
- Creates a process for existing EIDL Advance grantees that received less than \$10,000 dollars to reapply for the difference between what they received and the maximum EIDL Advance Grant of \$10,000 dollars
- Increases verification tools at the SBA to ensure accurate information is submitted on a grant application

GRANTS FOR SHUTTERED VENUES

- Creates a \$15 billion dollar grant program for eligible venues, theaters, museums, and zoos
- Grants to live venue operators that can demonstrate significant loss
- Up to 45% of budget or \$10 million grant

DEBT RELIEF

- Provides \$3.5 billion to resume the principal and interest (P&I) payments of new and existing small business loans guaranteed by the SBA under the 7(a), 504, and Microloan programs 7(a), 504, and Microloan Program Enhancements
- Supplies \$2 billion dollars to enhance the SBA's existing government guarantee loan programs, including the 7(a) Loan Program, the 504 Loan Program and the Microloan Program
- Waives borrower and lender fees within the 7(a) and 504 loan programs

- Increases the 7(a) loan guarantee to 90%
- Extends the \$1 million dollar loan limit for SBA Express Loans
- Establishes a 504 Express Loan Program
- Enhances the Microloan program in order to provide financial and technical assistance to businesses impacted by the COVID-19 pandemic
- Major enhancements to the SBA 504 loan program

EMERGENCY CAPITAL INVESTMENT PROGRAM - TREASURY

- A new program serving minority depository institutions (MDIs) and community development finance institutions (CDFIs) that are depository institutions
- \$9 billion in appropriations; \$4 billion set aside for institutions with less than \$2 billion in assets; \$2 billion set aside for institutions with less than \$500 million in assets
- Long-term, low-cost capital investments for institutions who have a plan to significantly increase lending or investment activity in LMI minority communities

UNEMPLOYMENT INSURANCE

- Pandemic Unemployment Assistance (PUA) is extended until March 14, 2021, and the maximum number of weeks of eligibility is extended from 39 weeks to 50 weeks
- Pandemic Emergency Unemployment Compensation (PUEC) is extended until March 14, 2021 and the number of weeks of eligibility is extended from 13 weeks to 24 weeks
- Federal Pandemic Unemployment Compensation is reinstated at \$300 per week from the week after December 26, 2020 and runs through March 14, 2021

"STIMULUS" PAYMENTS

- \$600 to individuals earning \$75,000 or less per year and plus an additional \$600 for every dependent child; decreasing amounts for those earning \$75,001 or more at a rate of \$5 for every \$100 over the earning limit

EDUCATION

- \$22.7 billion for Higher Education Emergency Relief Fund, including \$1.7 billion for HBCU's, tribal colleges and universities, and Hispanic serving institutions

HOUSING

- \$25 billion for rental assistance
- Eviction moratorium extended to January 31, 2021

TRANSPORTATION

- \$2 billion for aid to airports, include airport retail
- \$10 billion for highways for states to replace lost revenues that would support maintenance, operations, personnel, etc.
- \$14 billion for mass transit operations

For more detailed information, please visit these great resource partners:

U.S. Chamber of Commerce [Guide to Small Business COVID-19 Emergency Loans](https://www.uschamber.com/report/guide-small-business-covid-19-emergency-loans) , What Small Businesses Need to Know About the New Pandemic Relief Package – Changes to PPP and More: <https://www.uschamber.com/report/guide-small-business-covid-19-emergency-loans>

Tax Foundation COVID Relief Package FAQ: <https://taxfoundation.org/covid-19-relief-package-faq-covid-relief/>