

What's in the new stimulus package for small business?

December 22, 2020



About Small Business Majority



- **Empower America's small businesses** and the self-employed to ensure they are empowered to drive a thriving and inclusive economy—particular focus on businesses in underserved communities
- **Network of more than 70,000 businesses**—eight offices across the country
- **Advocacy**—access to capital, entrepreneurship, healthcare, benefits and taxes—supported by ongoing research
- **Education and resources**—webinars, seminars and social media—in partnership with more than 1,000 business organizations—online resource hub: **Venturize.org**
- **COVID-19 pandemic**—more than 300 events connecting with 70,000 businesses, expanded online resources—constant advocacy on PPP, EIDL and other government stimulus programs



Today's speakers



Brian Pifer

VP, Entrepreneurship
Small Business Majority



Awesta Sarkash

Government Affairs Manager
Small Business Majority

**NOTE: Some details on PPP and other programs are up in the air. We don't know when the SBA will write new rules regarding these programs, which means we don't know when PPP will go live yet.*

> In this presentation

What's new?

Paycheck Protection Program

Economic Injury Disaster Loans

SBA Debt Relief Program

Resources, tools and how to get involved

Q&A

What's in the new stimulus package?

What we don't know

- When will PPP go live again?
- When can I apply for the EIDL \$10K advance?
- When can I apply for PPP simplified forgiveness?



What's in the new stimulus package?

What we do know

- For loans under \$150K, there will be simple, one-page forgiveness form you can submit to your lender.
- PPP borrowers can come back for a "second draw" of PPP (depending on eligibility).
- There are additional expenses you can include as part of your non-payroll costs.
- The 60/40 loan terms still apply for both new and second-time PPP borrowers.

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PPP reauthorized: First-time borrowers

- \$284.5 billion total amount authorized for PPP
- First-time PPP borrowers eligible
- Covered period extended through March 31, 2021
- 60% payroll rule still applies

What's in the new stimulus package?

Eligible expenses

- Additional eligible expenses not covered previously:
 - **Covered operations expenditures:** Payment for any software, cloud computing, and other human resources and accounting need
 - **Covered property damage costs:** Costs related to property damage due to public disturbances that occurred during 2020 that are not covered by insurance
 - **Covered supplier costs:** Expenditures to a supplier pursuant to a contract, purchase order, or order for goods in effect prior to taking out the loan that are essential to the recipient's operations
 - **Covered worker protection expenditure:** Personal protective equipment and adaptive investments to help a loan recipient comply with federal health and safety guidelines or any equivalent state and local guidance related to COVID-19
- Previous PPP loans can also claim these costs as covered expenses, pending the 60% payroll rule and as long as the loan has not already been forgiven

What's in the new stimulus package?

PPP “second draw”

- **Second-time PPP borrowers eligible**
- Maximum amount: \$2 million
- Have fewer than 300 fewer employees
- Have used first PPP loan
- Must demonstrate 25% reduction in revenue for a quarter this year compared to same quarter last year

What's in the new stimulus package?

Loan forgiveness

- For loans of \$150K and less, a borrower can:
 - Sign and submit to the lender a one-page certification that the SBA Administrator will create
 - That one-page form will only require the borrower to provide:
 - a description of the number of employees the borrower retained because of the loan
 - and the estimated amount of the covered loan spend on payroll costs + the total loan amount
 - It will also require you to attest that you accurately provided the required certification and that you complied with the PPP loan requirements (60/40 rule)
- Note: You must retain all employment records for 4 years and non-payroll records for 4 years after submitting your forgiveness application in the event of an audit.

What's in the new stimulus package?

Other PPP considerations

- Expenses made with forgiven PPP loan proceeds **can be deducted from your taxes**
- According to a summary provided by Senate Democrats, the legislation clarifies that small business assistance—including PPP forgiven funds, emergency EDIL grants, Targeted EIDL Advances, certain loan repayment assistance, and grants for shuttered **venues—are not taxable as income and that deductions are allowed for otherwise deductible expenses paid with the proceeds of this small business assistance.**
- Must have been in business as of Feb. 15, 2020

What's in the new stimulus package?

Other PPP considerations

- EIDL Advance **will not** be reduced from forgivable PPP amount. Applies to existing borrowers as well, though unclear what process will be
- Restaurants and other food and accommodation businesses can qualify for 3.5x monthly expenses for PPP second draw
- Clarifies covered period will be **between** 8 and 24 weeks
- Clarifies other group insurance (such as vision, dental) are eligible PPP expenses

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EIDL advances

- For businesses located in low-income communities, can receive up to \$10,000
- If already received advance in first round, can receive difference between \$10,000 and amount advanced
- If not already received, can get full \$10,000
- Repeals requirement of CARES Act that Advance amount be deducted from PPP forgiveness amount

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Other SBA debt relief

- All borrowers with qualifying loans approved by the SBA prior to the CARES Act will receive an additional three months of deferral on principal and interest, starting in February 2021
- Underserved borrowers, namely the smallest and hardest-hit, will receive an additional five months (eight total) of relief.
- SBA payments of P&I on the first 6 months of newly approved loans will resume for all loans approved between February 1 and September 30, 2021, also capped at \$9,000 per month.

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Resources, tools and how to get involved

Venturize



Visit our online resource hub to find info on state and local emergency relief funds:
www.venturize.org

Venturize.org is a free online resource hub for small business owners like you who need help accessing tools and resources to grow their businesses. Venturize offers unbiased information about small business loans, retirement and healthcare.





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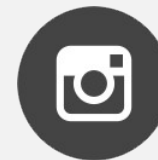
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Questions?