



SMALL BUSINESS PROVISIONS

Key points:

- A strong “paycheck protection” program means small businesses have an incentive to keep employees on payroll
- The bill also offers extensive debt relief
- The Small Business Administration is also required to enact these programs with regulations no later than 15 days after the Act is signed into law
- A total of \$500 billion in emergency relief to distressed businesses, as well as state and municipalities
- Provides flexibility for local businesses to team up with local banks
- Reinforces commonsense safeguards against abuse

What you need to know:

- **Paycheck Protection**
 - The bill creates a “paycheck protection program” for small employers, self-employed individuals, and “gig economy” workers, with \$350 billion to help prevent workers from losing their jobs and small businesses from going under due to economic losses caused by the COVID-19 pandemic.
 - The “Paycheck Protection Program” would provide 8 weeks of cash-flow assistance through 100 percent federally guaranteed loans to small employers who maintain their payroll during this emergency.
 - If the employer maintains payroll, the portion of the loans used for covered payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven, which would help workers to remain employed and affected small businesses and our economy to recover quickly from this crisis.
 - This proposal would be retroactive to February 15, 2020, to help bring workers who may have already been laid off back onto payrolls.
- **Small Business Contractors Also Get Protection**
 - Federal agencies would be required to extend contract performance periods and promptly pay small business contractors Small business contractors impacted by COVID-19.
- **Debt Relief**
 - For six months, SBA is required to pay all principal, interest and fees on all existing SBA loan products including 7(a), Community Advantage, 504, and Microloan programs for six months.

- **Timely**
 - The bill requires that SBA enact these programs with regulations no later than 15 days after the Act is signed into law.
- **Unleashes the Fed's Tools to Provide Liquidity**
 - **\$425 billion** for loans, loan guarantees, and investments in support of facilities established by the Fed under 13(3) authority for purpose of providing liquidity to businesses, states, or municipalities through purchasing obligations or other interests directly from issuers of such obligations or other interests.
- **Loans, Not Bailouts, for Major Industry**
 - Direct lending to the following: **\$50 billion** for passenger airlines, **\$8 billion** for cargo airlines, and **\$17 billion** for businesses critical to “maintaining national security.”
- **Protecting Workers, Not Boosting Executive Compensation**
 - Employee and executive total compensation may not exceed \$425,000, stock buybacks are prohibited during the duration of the loan, and borrowers must maintain exiting payroll as of March 13
- **Giving Businesses and Banks Flexibility to Work Together**
 - The bill cuts red tape to ensure that banks have room to provide the resources businesses need.

This bill would prevent workers from losing their jobs and small businesses from going under due to economic losses caused by the coronavirus pandemic. The plan would provide cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans would be forgiven, which would help workers to remain employed and affected small businesses and our economy to quickly snap-back after the crisis. This proposal would be retroactive to March 1, 2020, to help bring workers who may have already been laid off back onto payrolls.

Small Business Assistance

- Small employers with 500 employees or fewer will be eligible to apply for the loans.
- Loans would be immediately available through existing Small Business Administration-certified lenders, including banks, credit unions, and other financial institutions, and SBA would be required to streamline the process to bring additional lenders into the program.
- The Secretary of Treasury would be authorized to expedite the addition of new lenders and make further enhancements to expedite delivery of capital to small employers.
- The size of the loans would be tied to an applicant's average monthly payroll; mortgage, rent, and utility payments; and other debt obligations over the previous year. The maximum loan amount would be \$10 million.
- Conditional upon business retaining their employees and payroll levels during the covered period (March 1, 2020, through June 30, 2020), the portion of the loan used to cover payroll and payments on pre-existing debt would be forgiven. Further, employers with tipped employees would receive forgiveness for additional wages paid to such employees during the covered time.
- The bill would provide \$300 billion to support these loans.

Loan Guaranty Program

- The bill would expand the allowable uses for the existing 7(a) Small Business Administration loan program to permit payroll support, including paid sick leave, supply chain disruptions, employee salaries, mortgage payments, and other debt obligations to provide immediate access to capital for affected small businesses.
- The maximum loan amount for SBA Express loans would be increased from \$350,000 to \$1 million. These loans provide borrowers with revolving lines of credit for working capital purposes.
- The cost of participation in the 7(a) programs would be reduced for both borrowers and lenders by providing fee waivers, an automatic deferment of payments for one year, and no prepayment penalties.

Entrepreneurial Assistance

- The bill would provide grants to offer counseling, training, and related assistance to small businesses affected by COVID-19:
 - o \$240 million for SBA Small Business Development Centers and Women's Business Centers. The non-federal match for Women's Business Centers would be waived for a period of three months.
 - o \$10 million for Minority Business Development Agency's Minority Business Centers
 - o \$25 million for grants to associations representing resource partners.

Paycheck Protection Program

- Prioritizes millions of Americans employed by small businesses by authorizing up to \$349 billion toward job retention and certain other expenses
- Small businesses and eligible nonprofit organizations, Veterans organizations, and Tribal businesses described in the Small Business Act, as well as individuals who are self-employed or are independent contractors, are eligible if they also meet program size standards.
- For a top-line overview of the program [CLICK HERE](#)
- If you're a lender, more information can be found [HERE](#)
- If you're a borrower, more information can be found [HERE](#)
- The application for borrowers can be found [HERE](#)