

Resources for Small Businesses

Congressional Action

The Coronavirus Preparedness and Response Supplemental Appropriations Act

On March 6th, 2020, Congress passed [H.R. 6074, the Coronavirus Preparedness and Response Supplemental Appropriations Act](#), which enabled the Small Business Administration (SBA) to make an estimated \$7 billion in low-cost loans available to affected small businesses.

Excerpt of Bill Language

(INCLUDING TRANSFERS OF FUNDS) For an additional amount for the “Disaster Loans Program Account” for administrative expenses to carry out the disaster loan program authorized by section 7(b) of the Small Business Act, \$20,000,000, to remain available until expended: Provided, That such amounts may be transferred to and merged with “Small Business Administration—Salaries and Expenses”: Provided further, That for purposes of section 7(b)(2)(D) of the Small Business Act, coronavirus shall be deemed to be a disaster and amounts available under “Disaster Loans Program Account” for the cost of direct loans in any fiscal year may be used to make economic injury disaster loans under such section in response to the coronavirus: Provided further, That none of the funds provided under this heading in this Act may be used for indirect administrative expenses: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That amounts repurposed under this heading that were previously designated by the Congress as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 are designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.

The Families First Coronavirus Response Act

On March 18th, 2020, Congress passed [H.R. 6201, the Families First Coronavirus Response Act](#), which provided specific provisions that impact small, medium and large businesses. The bill included language supporting provisions for employees, including establishing COVID-19 testing, protecting public health workers, and benefits to children and families, which are summarized [here](#). The bill also includes important provisions that establish a federal emergency paid leave benefits program to provide payments to employees taking unpaid leave due to the coronavirus outbreak, expands unemployment benefits, provide grants to states for processing and paying claims and requires employers to provide paid sick leave to employees.

The Coronavirus Aid, Relief and Economic Stimulus (CARES) Act

On March 25th, 2020, the U.S. Senate H.R. 748, the Coronavirus Aid, Relief and Economic Stimulus (CARES) Act, contains many provisions that support small businesses, including a Paycheck Protection Program, Emergency Economic Injury Grants, Debt Relief for Existing and SBA Borrowers, and Resources for Business Counseling Services, all described below.

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Paycheck Protection Program

- 350 billion in funding for a provision to create a Paycheck Protection Program (PPP) that will provide small businesses and other entities with zero-fee loans of up to \$10 million. Eligibility for this program is defined as:
 - Businesses, start-ups, veterans organizations and nonprofits with 500 employees or less or that meet the applicable size standard for the industry within which the organization operates as provided by the Small Business Association.
 - For businesses with more than one location, if it employs 500 or fewer employees per physical location; has under US\$500 million in gross revenue; and falls within the “accommodation and food services” sector under the North American Industry Classification System (NAICS), the business is eligible for loans.
 - Sole proprietorships and independent contractors.
 - The bill requires lenders to determine whether a business was operational on February 15, 2020, and had employees for whom it paid salaries and payroll taxes, or a paid independent contractor.
- Up to 8 weeks of average payroll and other costs will be forgiven if the business retains its employees and their salary levels throughout the coverage period of February 15, 2020 – June 30, 2020. Principal and interest is deferred for up to a year and all borrower fees are waived. This temporary emergency assistance through the U.S. Small Business Administration (SBA) and the Department of Treasury can be used in coordination with other COVID-financing assistance established in the bill or any other existing SBA loan program.
- The bill requires the SBA Administrator to set a cap on how much a bank can earn to process loan applications and prioritize underserved borrowers, including those in rural communities, minorities, women and veterans.

Emergency Economic Injury Grants

- \$10 billion in funding for a provision to provide an advance of \$10,000 to small businesses and nonprofits that apply for an SBA economic injury disaster loan (EIDL) within three days of applying for the loan. EIDLs are loans of up to \$2 million that carry interest rates up to 3.75 percent for companies and up to 2.75 percent for nonprofits, as well as principal and interest deferment for up to 4 years. The loans may be used to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.
 - The EIDL grant does not need to be repaid, even if the grantee is subsequently denied an EIDL, and may be used to provide paid sick leave to employees, maintaining payroll, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments. Eligible grant recipients must have been in operation on January 31, 2020. The grant is available to small businesses, private nonprofits, sole proprietors and independent contractors, tribal businesses, as well as cooperatives and employee-owned businesses.
 - A business that receives an EIDL between January 31, 2020 and June 30, 2020 as a result of a COVID-19 disaster declaration is eligible to apply for a PPP loan or the business may refinance their EIDL into a PPP loan. In either case, the emergency EIDL grant award of up to \$10,000 would be subtracted from the amount forgiven in the payroll protection plan.
- The bill provides \$562 million to ensure that SBA has the resources to provide Economic Injury Disaster Loans (EIDL) to businesses that need financial support.

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Debt Relief for Existing and New SBA Borrowers

- \$17 billion in funding for a provision to provide immediate relief to small businesses with standard SBA 7(a), 504, or microloans. Under this provision, SBA will cover all loan payments for existing SBA borrowers, including principal, interest, and fees, for six months. This relief will also be available to new borrowers who take out an SBA loan within six months after the President signs the bill. The measure also encourages banks to provide further relief to small business borrowers by allowing them to extend the duration of existing loans beyond existing limits; and enables small business lenders to assist more new and existing borrowers by providing a temporary extension on certain reporting requirements. While SBA borrowers are receiving the six months debt relief, they may apply for a PPP loan that provides capital to keep their employees on the job. The six months of SBA payment relief may not be applied to payments on PPP loans.
- Permanent fix that allows SBA to waive fees for veterans and their spouses in the 7(a) Express Loan Program, regardless of the President's budget. Under current law, SBA may only waive fees on 7(a) Express loans to veterans when the President's budget does not project a cost above zero for the overall 7(a) loan program.

Resources for Business Counseling Services

Many large companies are struggling to respond to the unprecedented economic disruption our nation is facing, so small businesses that have even fewer resources to dedicate to navigating the economic impacts of COVID-19 must have access to reliable counseling and mentorship services.

The CARES Act provides \$275 million in grants to the nation's network of Small Business Development Centers (SBDCs) and Women's Business Centers (WBCs), as well as the Minority Business Development Agency's Business Centers (MBDCs), to provide mentorship, guidance and expertise to small businesses. The funding will allow SBDCs, WBCs, and MBDCs to hire staff and provide programming to help small businesses and minority-owned businesses respond to COVID-19.

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Small Business Administration (SBA)

The Small Business Administration is coordinating with states to assist and approve requests as quickly as possible. The House and Senate Committees on Small Business are working with SBA to further streamline the process. [Click here for a fact sheet covering frequently asked questions about disaster loans available from the SBA](#). The SBA also has a dedicated webpage set up to provide resources and up-to-date information, [which you can find here](#).

As of March 19, the following states are currently eligible to apply for a low-interest loans due to Coronavirus (COVID-19): California, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Indiana, Maine, Massachusetts, Montana, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, Rhode Island, Utah, and Washington. [Click here to apply](#).

- Upon a request received from a state's or territory's Governor, SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.
- Any such Economic Injury Disaster Loan assistance declaration issued by the SBA makes loans available statewide to small businesses and private, non-profit organizations to help alleviate economic injury caused by the Coronavirus (COVID-19).
- SBA's Office of Disaster Assistance will coordinate with the state's or territory's Governor to submit the request for Economic Injury Disaster Loan assistance.
- Once a declaration is made, the information on the application process for Economic Injury Disaster Loan assistance will be made available to affected small businesses within the state.
- These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.
- SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.

Small Business Administration Disaster Office Contacts

If you would like to coordinate information calls, briefings and other resources at the regional, state and local level, reach out to the following contacts:

Federal Regions I-V (States/Territories East of Mississippi River):

Michael Lampton, Public Affairs Supervisor, michael.lampton@sba.gov

Mark Ihenacho, Lead Public Affairs Specialist, mark.ihenacho@sba.gov

Federal Regions VI-X (States/Territories West of Mississippi River):

Rick Jenkins, Public Affairs Supervisor, richard.jenkins@sba.gov

Mark Randle, Lead Public Affairs Specialist, mark.randle@sba.gov