



# Economic Aid Act Small Business Relief

January 15, 2021  
Sarah Mercer,  
Shareholder

# Economic Aid Act

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## Small Business Relief

- PPP Second-Draw Loan Program
- Extension of PPP First-Draw Program
- Continuation of COVID Emergency EIDL Program
- Shuttered Venue Operator Grant Program
- Employee Retention Tax Credit

## Other Relief

- Federal Pandemic Unemployment
- Direct Taxpayer Stimulus Payments
- National Endowment for the Arts & National Endowment for the Humanities Funding

# PPP Second-Draw Loan Program

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## Loan Amount and Eligibility

- 2.5 times average monthly payroll
- Less than 300 employees (headcount not FTE)
- Had at least 25% revenue reduction in one 2020 quarter as compared to 2019
- Still have to certify that economic uncertainty makes the loan necessary

## Calculating Loan Amount and Eligibility

- Choose one time period for average employees and average payroll
  - Calendar year 2019
  - Calendar year 2020
  - Last twelve months before application date
- Cannot mix and match
- Self-employed use calendar year 2019 or 2020

# PPP Second-Draw Loan Program

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## Calculate Revenue Reduction

- Choose one 2020 quarter and compare to same 2019 quarter
  - Calculate gross receipts
  - “Gross receipts includes all revenue in whatever form received or accrued (in accordance with the entity’s accounting method) from whatever source . . . reduced by returns and allowances. Generally, receipts are considered “total income” (or in the case of a sole proprietorship “gross income”) plus “cost of goods sold” and excludes net capital gains or losses as these terms are defined and reported on IRS tax return forms.”
  - Same definition as in 13 CFR 121.104
- Simplified process if 2020 annual gross receipts were lower than 2019
  - Can substantiate with tax returns

## Prior PPP Loan

- Do not have to have applied for forgiveness
- Must have used all the funds

# PPP Second-Draw Loan Program

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## Ensuring Forgiveness

- Must use at least 60% on payroll costs
  - Payroll costs expanded to include life, disability, vision and dental insurance
- Expanded non-payroll costs
  - Supplier costs on existing contracts and purchase orders, including perishable goods
  - Costs for PPE and adapting business to COVID
  - Costs for technology operations (e.g., software, cloud computing, HR and accounting)
  - Property damage due to 2020 public disturbances
- Covered period 8 to 24 weeks
  - Supplier costs on existing contracts and purchase orders, including perishable goods

## Timing

- Open January 15/19, 2021 through March 31, 2021

# PPP First-Draw Program Extension

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## Eligibility

- Borrowers who never received PPP loan
- 500-employee eligibility threshold
- No revenue reduction eligibility criteria
- Need to certify that economic uncertainty makes loan necessary

## Ensuring Forgiveness

- Expanded payroll costs and non-payroll costs definitions apply

# COVID Emergency EIDLs

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## EIDL Loan Program

- Not a second draw – program has been replenished for new borrowers
  - \$150,000 maximum amount
  - Current borrowers may be allowed to increase existing EIDL up to \$150,000 cap
- EIDLs are not forgivable – 30-year term at low interest rate
- Payments deferred for one year
- Funds can be used for working capital and normal operating expenses
- Okay to have simultaneously with other federal relief
  - PPP Loan
  - Shuttered Venue Operator Grant
  - Pandemic Unemployment
- No replenishment of EIDL advance

# Shuttered Venue Operator Grants

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## Eligibility

- Must be a live venue operator or promotor, theatrical producer, live performing arts organization operators, museum operator, motion picture theater operator, or talent representative
- Must have been in operation as of February 29, 2020
- Must have experienced at least 25% revenue reduction from 2020 to 2019
- Must intend to reopen

## Grant Amount

- 45% of 2019 gross earned revenue
- \$10 million maximum
- Grant not a loan, so no forgiveness application
- Supplemental grants if significant revenue loss persists into 2021



# Shuttered Venue Operator Grants

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## Priority distribution

- First 60 days limited to entities with 50 or fewer employees
- Then:
  - First priority (14 days) – entities that suffered 90% or greater revenue loss
  - Second priority (next 14 days) – entities that suffered 70% or greater revenue loss
  - Third priority – all entities

## Interaction with PPP

- Cannot receive a PPP loan after December 27, 2020
- Okay if received a PPP loan before
- Cannot receive SVO grant and PPP second-draw loan
- Must pick one or the other

## Timing

Rules likely last week of January

# Shuttered Venue Operator Grants

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## Priority distribution

- Initial 60 days limited to entities with 50 or fewer employees, then:
  - First priority (14 days) – entities that suffered 90% or greater revenue loss
  - Second priority (next 14 days) – entities that suffered 70% or greater revenue loss
  - Third priority – all entities

## Eligible expenses

- Payroll costs, rent, utilities, mortgage, debt, leases, PPE
- Payments to independent contractors (not to exceed \$100K per year per contractor)
- Other ordinary and necessary business expenses, including maintenance costs
- Administrative costs, including state and local taxes and fees
- Insurance payments
- Advertising, production transportation, and capital expenses relating to theatrical or live performing arts production (cannot be primary use of funds)

# Employee Retention Tax Credit

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## General Rules

- Refundable tax credit for eligible employers
- Capped at \$7,000 per employee per calendar quarter
- 70% of qualified wages up to \$10,000 paid per calendar quarter
- January 1-June 30, 2021

## Eligible Employers

- Partially or fully suspended due to COVID orders
- Experienced a significant decline in gross receipts

## Interaction with PPP

- Employer who receives a PPP loan may take the ERTC
  - But not on wages paid with PPP loan proceeds
- Retroactive, so applies to both the 2020 and 2021 ERTC

# Federal Pandemic Unemployment

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## Maximum Weeks

- Worker may claim unemployment benefits for maximum 50 weeks
- Includes 2020 & 2021

## Federal Pandemic Unemployment Compensation

- \$300 federal benefit on top of state benefit
- Runs 11 weeks through March 14, 2021
- Mixed income workers qualify for extra \$100
  - Have at least \$5,000 year in self-income

## Other

- Pandemic Unemployment Assistance – extended and phased out
- Pandemic Emergency Unemployment Compensation – extended and phased out

# Direct Stimulus Payments

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## Direct Payments from IRS

- \$600 – individual with adjusted gross income of up to \$75,000
- \$1,200 – joint filers with adjusted gross income of up to \$150,000
- Extra \$600 – each dependent child under 17 years old

## Phase Out

- Phases out 5% for every \$1,000 above AGI amounts

## Recovery Rebate Credit

- If received less than full amount from last year or this year
- Or if did not receive at all
- May qualify to take a rebate credit on 2020 tax return

# NEA & NEH Funding

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## FY21 Funding

- Budget increase to \$167.5 million
- Can be used to award general operating grants
- Nonprofit and governmental arts organizations can apply

## FY19 & FY20 Retroactive Funding

- NEA & NEH authorized to reclassify FY19 & FY20 unused funds
- Project-specific grants unable to be used because of COVID
- Could unlock more than \$100 million of additional funds

 Brownstein Hyatt  
Farber Schreck



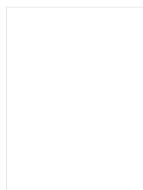
Questions? Thank you!

**Sarah Mercer**  
smerc@bhfs.com  
303-223-1139

# Color Palette (this slide is hidden)

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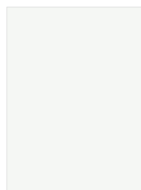
## Background and Text Colors



**White  
Background**  
255-255-255



**Black  
Text**  
0-0-0



**Light Gray  
Background**  
245-247-244



**Yellow (On  
Black)**  
246-190-0

## Accent Colors



**Yellow (On  
White)**  
240-179-35



**Orange**  
207-128-66



**Blue**  
0-157-218



**Dark Blue**  
0-103-149



**Gray**  
112-114-116



**Black**  
0-0-0