



Economic Aid Act Small Business Relief

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Shareholder

Economic Aid Act

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

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

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

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

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

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
- **New Corrected Information:** \$20 billion appropriated to pay unfulfilled original EIDL advance grants allocated through mid-July 2020 up to the full \$10,000. First priority will be given to those located in low-income neighborhoods and can prove a 30% or more revenue loss over an 8 week period during the pandemic. SBA will contact eligible borrowers directly.

Shuttered Venue Operator Grants

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

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

Shuttered Venue Operator Grants

Timing

- Rules likely last week of January
- Grant applications likely to open first couple weeks of February

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

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

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

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

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



Questions? Thank you!

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