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
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
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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