

COVID-19 RELIEF SBA LOANS

Paycheck Protection Program

The program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. It provides up to 24 weeks of cash-flow assistance through 100 percent federally guaranteed loans. Following the passage of the Consolidated Appropriations Act of 2021, certain businesses may be eligible for two rounds of loans.

- An initial loan would equal 250 percent of an employer's average monthly payroll for most businesses, except for restaurants and hospitality businesses who can receive 350 percent of average payroll. The loan could not exceed \$10 million.
- ◇ The covered costs include payroll support (includes salaries, wages, paid sick and medical leave, insurance premiums), mortgage/rent, utilities, payments for any software cloud computing, costs related to property damage caused by protests in 2020 not covered by insurance, monies paid to a supplier in accordance with a contract, PPE and adaptive investments to fight the COVID-19 pandemic, and other debt obligations. A borrower is required to use no more than 40 percent of their loan amounts towards non-payroll costs in order to be eligible for total loan forgiveness.
- ◇ If an entity is eligible for the program, lenders will issue a loan based solely on if a business was in operation on February 15, 2020, and if it paid salaries and payroll taxes.
- If eligible for a second loan, a business would be able to receive a loan up to \$2 million.

Eligible entities to receive an initial loan are:

- Small business with 500 employees or fewer
- Self-employed individual or "gig economy" individual
- 501(c)(3) organization
- 501(c)(19) veterans organization
- Tribal business concerns with under 500 employees
- 501(c)(6) organizations with 300 employees or less and that engage in minimal lobbying activities
- Local newspapers and TV organizations with under 500 employees
- Housing cooperatives

Eligibility to receive a second loan:

- Must employ no more than 300 employees
- Have used or will use the full amount of their 1st PPP loan
- Demonstrate at least a 25% reduction in gross receipts in 2020 comparative to the same period in 2019

Loan Forgiveness:

An entity will be eligible for loan forgiveness if the company retains its employees and salary levels.

- Loan forgiveness cannot exceed the principal amount of the loan.
- Any reduction in employees or salaries and wages will result in a reduction in an eligible forgiveness amount.
- ◇ If a borrower can document an inability to rehire individuals or similarly qualified employees as well as document an inability to return to the same business activity they possessed prior to February 15, 2020 as a result of compliance with health and sanitation guidelines, the amount of loan forgiveness may be determined without taking into account the reduction in employees.
- ◇ Otherwise, a borrower will experience a reduction in loan forgiveness if greater than a 25% reduction in salaries or wages occurred during the covered period or if the amount of Full Time Equivalent Employees (FTE) employees is reduced during the covered period.
- ◇ FTE employees are those that work 40 hours or more each week. Borrowers will not be penalized in their forgiveness amounts if:
 1. Reductions in FTE employees, salaries and wages are corrected either before the end of the loan's covered period, March 31, 2021, or submission of their loan forgiveness application
 2. An employee is fired for cause, voluntarily resigns, voluntarily requests a schedule reduction, or rejects an offer to return to work
- ◇ Amounts that are not forgiven after the 24 week period will be carried forward with term of 5 years at an interest rate of 1%.
 1. Payments on principle and interest amounts of the unforgiven portions of the loan may be deferred six months or until a borrower's lender have received reimbursement from the government for the forgiven amounts.

If you received a loan under \$150,000, an entity will be eligible for a simplified forgiveness application that requires only a description of the number of employees the borrower retained, the estimated total amount of loan spent on payroll, and the total loan.

Taxability

- Any forgiven amounts of either an initial or second round PPP loan will not be counted as taxable income.
- Tax deductions can be made on expenses paid with proceeds of a forgiven PPP loan.
- ◇ This includes deductions for expenses paid for by EIDL grants, grants for shuttered venues, and other loan repayment assistance.

Last update: 1/5/20

CONTACT:

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Or leave a message at 304-342-5855

JOE MANCHIN
United States Senator *for* West Virginia

www.manchin.senate.gov

Senator Manchin's staff will return
your call or email as soon as
possible.

Emergency Economic Injury Grants

Benefit: Provides an advance of \$1,000 per employee, up to \$10,000, to those businesses or nonprofits who apply for an SBA Economic Injury Disaster Loan (EIDL) to provide sick leave, and pay other debt obligations.

Eligibility:

- An entity must have been in operation on January 31, 2020 and be a: small business, private nonprofit, sole proprietor or independent contractor, tribal business, cooperative, employee-owned business, or agricultural business
- In addition, a small business or non-profit must: be located in a low-income community, have suffered an economic loss greater than 30%, and employs not more than 300 employees.
- A loan application will be approved or denied solely based on an applicant's credit score or sufficient alternative method.
- ◇ If a business was denied based on their initial EIDL application or withdrew their initial application, the SBA is allowing these businesses to reapply.

Repayment Terms: Grant does **not need to be repaid**, even if the business is ultimately denied an EIDL.

Grants for Shuttered Venue Operators

Benefit: The SBA will provide a grant up to \$10 million to assist live venue operators with financial obligations they have been unable to tend to as a result of decreased business due to the COVID-19 pandemic.

Eligibility:

- An entity must be a live venue operator or promoter, a theatrical producer or live performing arts organization operator, a talent representative, a movie theater, or certain museums.
- In addition, the venue must: have been fully operation by February 29, 2020, have a gross reduction in revenues of at least 25% during at least one quarter of 2020 compared to the corresponding quarter or 2019, have resumed operations or have intentions to reopen, make a certification of need, and satisfy certain venue requirements.
- The venue is ineligible to apply if a venue is owned by a public entity or large operators, receives 10% of its gross revenue from federal funding, is a PPP borrower, or presents performances that are overtly sexual in nature.

Grant size:

- If a venue was in operation by January 1, 2019, the entity can receive a grant equal to 45% of the gross earned revenue for the entirety of 2019.
- If a venue was in operation after January 1, 2019, the entity can receive a grant equal to six times the average monthly gross earned revenue for each full month of 2019 the venue was in operation.
- If a venues first quarter 2021 revenues are not more than 30% of the first quarter revenues of the first quarter 2019 by April 1, 2021, a venue can apply for another grant that is 50% of the initial grant size.

Grant Usage:

- Grants can be used to cover payroll costs, rent obligations, covered utility payments, covered worker protection costs, payments to independent contractors, interest payments on covered mortgages and debts incurred prior to February 15, 2020, and other costs.
- ◇ Initial grants can be used for costs incurred between March 1, 2020 and December 31, 2021.
- ◇ Supplemental grants may be used for costs through June 30, 2022.
- Any initial grant funds that aren't spent within 12 months of disbursement and any supplemental grant funds that aren't spent within 18 months of disbursement must be returned to the SBA.

Debt Relief for Existing SBA Borrowers:

Benefit: The SBA will cover all loan payments, including principal, interest and fees for six months for existing SBA borrowers who have standard SBA 7(a), 504, or micro loans.

- The SBA will also cover all loan payments for individuals who take out one of the standard loans within six months after the President signs the CARES Act into law.

How to Apply

- To apply for an EIDL, please visit this [link](#) run by the SBA.
- To apply for a Shuttered Venue Operators Grant, applicants will apply through the SBA website.
- Non-EIDL SBA loans are administered through qualified lenders in your community. To find a local lender to apply for the PPP program or any other SBA loan, visit their lender match tool found at this [link](#). You should also consult with a local lender to see if they will be participating the Paycheck Protection Program.
- ◇ Lenders began processing loan applications on April 3, 2020.
- ◇ The Paycheck Protection Program will be available through March 31, 2020.
- ◇ An individual may also contact a) their current business lender to see if they administer SBA loans or b) their local SBA office or Small Business Development Center (SBDC) to find an approved lender in their community.

Help Submitting an Application

- To receive updates or assistance regarding your EIDL application or your PPP loan, the SBA has set up an office exclusively for handling questions regarding these economic assistance programs.
- ◇ Please call 1-800-659-2955 or email disastercustomerservice@sba.gov
- ◇ The SBA has experienced a large influx of EIDL applications and are currently processing applications as quickly as possible. Applicants are encouraged to reach out to either of these points of contact for additional clarity on your unique situation.
- To speak with an SBA office in West Virginia, a business has two offices to choose from:
 - ◇ **Clarksburg** – 320 West Pike Street Suite 330, Clarksburg, WV; Phone: 304-623-5631
 - ◇ **Charleston** – 405 Capitol Street Suite 412, Charleston, WV; Phone: 304-347-5220
- ◇ Follow this [link](#) to learn more about the SBA in West Virginia and its resources
- The West Virginia Small Business Development Center is a partner of the Small Business Administration. They have 14 business coaches across the state who can help guide businesses through the process of applying for SBA loans.
- ◇ To contact one of the 14 business coaches, please call 304-558-2960 or visit www.wvsbdc.com.