



Eastside Recovery Hub Webinar Series

www.OneEastside.org

Updates on the American Rescue Plan Act and Working Washington 4 Grant Opportunity

March 25, 2021 | 1:00pm – 2:30pm

Disclaimer: To the best of our knowledge, this information was correct as of the time of this webinar. Given the fluidity of the situation, and rapidly changing guidelines, be aware that some of this information may have changed. Please visit the SBA and Washington State Commerce websites for updated information at www.sba.gov and www.commercegrants.com



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Webinar Series**
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American Rescue Plan Act

Congress intended this round of COVID-19 economic aid funding to support the hardest-hit small businesses and those in underserved segments, including women, minorities and veterans.

The SBA is committed to ensuring the programs are launched as quickly as possible to deliver critical economic aid to America's small businesses and other eligible entities.



SBA COVID-19 Economic Aid Funding Options

Loan Programs



Paycheck
Protection
Program
(PPP)



Debt Relief on
SBA 7(a), 504
and Microloans



Economic
Injury Disaster
Loan (EIDL)
and
Targeted EIDL
Advance

Grant Programs



Shuttered
Venue
Operators
Grant (SVOG)



Restaurant
Revitalization
Fund (RRF)

2021 PPP Program Update

Data as of March 14, 2021

- **Washington State 2021**
 - \$4.4 Billion – 1st & 2nd Draw Loans
 - 48,738 Total Loans
 - 12th most nationwide by state in dollars
- **Total Nationwide 2021**
 - \$181 Billion - 1st & 2nd Draw Loans
 - 2,739,834 Total Loans



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JANIE SACCO

Marketing & Outreach Specialist
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American Rescue Plan Act Updates & Takeaways

- Additional \$7.25 billion for the Paycheck Protection Program, as well as expanded eligibility for nonprofits and digital news services
- \$15 billion additional for Targeted Economic Injury Disaster Loan Advance, including \$5 billion for a new Supplemental Targeted EIDL Advance payments for hardest hit applicants
- Additional \$1.25 billion for the Shuttered Venue Operators Grant program, as well a new allowance permitting companies to apply to both the SVOG program as well as PPP
- Employee Retention Tax Credit extended through the end of 2021
- **NEW:** \$28.6 billion Restaurant Revitalization Fund with restaurants able to apply for grants based on lost gross revenue between 2019 and 2020.
- **NEW:** \$100 million to establish a Community Navigator pilot program to provide grants for organizations supporting efforts to improve access to COVID-19 pandemic assistance programs and resources

2021 Paycheck Protection Program Top Takeaways

- Expanded PPP eligibility and how funds can be used
- A borrower can now select a covered period to be **between 8 and 24 weeks**
- Second Draw PPP loan option for hardest hit small businesses
- Allows for deduction of expenses covered with forgiven PPP loan debt on federal taxes
- Updates simplified forgiveness form to include PPP loans of up to \$150,000 (86% of PPP loans submitted in 2020)
- No longer subtracts EIDL Advance from PPP loan forgiveness amount



SBA.gov/PPP

Information Current as of 3/25/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.



2021 Paycheck Protection Program Top Takeaways

- Sole proprietors, independent contractors, and self-employed individuals will receive increased financial support via revised loan calculation formula using gross receipts rather than net income -- Line 7 of IRS 1040 Schedule C (rather than line 31)
- Removal of restrictions that prevented small business owners with prior non-fraud felony convictions. 1st & 2nd Draw PPP loan can now be processed for those with most other felony convictions.
- Eliminate federal student loan debt delinquency and default as disqualifiers for PPP. Removal of Hold-Error Codes that would have prevented loan processing.
- Ensure access for non-citizen small business owners who are lawful U.S. residents by clarifying that they may use Individual Taxpayer Identification Numbers (ITINs) to apply. Small business owners with ITINs beginning with “9” are now eligible.



SBA.gov/PPP

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What is a First Draw PPP Loan?

For eligible applicants that did not receive a PPP loan prior to Aug. 9, 2020

- PPP loan eligibility now includes additional types of entities
- Covered eligible expenses are expanded
- Borrowers can set the covered period to use PPP loan proceeds to be any length between 8 and 24 weeks after disbursement
- Certain borrowers may request an increase to their original PPP loan amount
- Must have been in business by Feb. 15, 2020
- Must apply **on or before March 31, 2021**, or until Congressional appropriations are exhausted



SBA.gov/PPP



Information Current as of 3/25/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

First Draw PPP Loan Eligibility

Must comply with size standards, eligibility criteria & certain limitations

Newly Eligible

- Housing cooperatives
- Destination marketing organizations
- **NEW:** 501(c) non-profit organizations except 501(c)4 entities
- Eligible News organizations

Still Eligible

- Sole proprietors, independent contractors, self-employed individuals
- Business entities (e.g., partnerships, corporations, LLCs)
- 501(c)(3) non-profit organizations
- 501(c)(19) Veterans organization
- Tribal businesses



SBA.gov/PPP

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What is a Second Draw PPP Loan?

For borrowers that previously received a PPP loan, have 300 employees or less, and suffered a 25% reduction in gross receipts

- For most borrowers, the maximum loan amount of a Second Draw PPP loan is 2.5x average monthly 2019 or 2020 payroll costs, up to \$2 million.
- For borrowers in the Accommodation and Food Services sector (NAICS 72), the maximum loan amount for a Second Draw PPP loan is 3.5x average monthly 2019 or 2020 payroll costs, up to \$2 million.
- Second Draw PPP loan applicants must submit the information on **SBA Form 2483-SD** (Borrower Application) when applying to their lender.



SBA.gov/PPP



Second Draw PPP Loan Eligibility

**Must have previously received a First Draw PPP loan
and covered periods cannot overlap**

Additional Eligibility Criteria

- Has used or will use the full First Draw PPP loan amount only for eligible expenses before the Second Draw PPP loan is disbursed
- Has no more than 300 employees
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.



SBA.gov/PPP



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PPP Loan Application Process



1. Find a PPP Lender

- SBA.gov/LenderMatch
- SBA.gov/PaycheckProtection/find
- Contact SBA Resource Partner: SBA.gov/local-assistance

2. Complete Application

- Include all supporting documentation
- Get help from SBA Resource Partner: SBA.gov/local-assistance

3. SBA Issues Loan

- Lender submits application electronically to the SBA for compliance check & loan number

March 31, 2021 (or when appropriated funding is exhausted) is the final deadline for lenders to submit PPP loan applications to the SBA



SBA.gov/PPP

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PPP Loan Terms / Maturity

If the PPP loan is not 100% forgiven

PPP loans have:

- A fixed interest rate of 1% that is non-compounding and non-adjustable
- **No requirement for collateral or personal guarantees**
- No fees or prepayment penalties
- A five-year maturity (for those before June 5, 2020, it's two years; borrowers can ask their lender to extend to five years)
- Payments start once borrower knows how much of the PPP loan will be forgiven; lender will notify the borrower
- If borrowers do not apply for forgiveness, payments start 10 months after the last day of the covered period



SBA.gov/PPP

Information Current as of 3/25/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

PPP Loan Forgiveness

**Borrowers must apply for PPP loan forgiveness through their lender;
lenders submit lender forgiveness decisions to the SBA**

Updates per the Economic Aid Act

- EIDL Advances are no longer deducted from PPP loan forgiveness payment
- Expenses paid with PPP loan funds are federally tax deductible; **consult the IRS** for details on this
- Expanded forgivable expenses are permissible for any unforgiven PPP loan
- Simplified forgiveness application for PPP loans \$150,000 and under

Per the CARES Act

- Forgiven PPP loans are not federally taxable income

NEW: Washington has exempted forgiven PPP loans as taxable income



SBA.gov/PPP

Additional PPP Information & Support Resources

- SBA Website for PPP info & FAQs - www.sba.gov/PPP
- Use these links for more information on:
 - ✓ How to Calculate First Draw Loan Amount:
<https://www.sba.gov/document/support-how-calculate-first-draw-ppp-loan-amounts>
 - ✓ How to Calculate Second Draw Loan Amount:
<https://www.sba.gov/document/support-second-draw-ppp-loans-how-calculate-revenue-reduction-maximum-loan-amounts-including-what>
- Treasury Website for PPP info & Rules - <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

COVID-19 Economic Injury Disaster Loan (EIDL)

Provides economic aid to businesses experiencing a temporary loss of revenue due to COVID-19

Economic Aid Act Extends Deadline to Dec. 31, 2021

- **Use of proceeds:** working capital and normal operating expenses such as continuation of health care benefits, rent, utilities, fixed debt payments
- **Terms:** 3.75% for businesses (fixed), 2.75% for nonprofits (fixed), 30 years, no pre-payment penalty; loans over \$25,000 secured by UCC filing (\$100 deducted from loan proceeds)
- **Eligibility:** qualified small businesses, cooperatives and agricultural enterprises with 500 or fewer employees (or defined as small per [sba.gov/sizestandards](https://www.sba.gov/sizestandards)), and private non-profits



SBA.gov/Disaster



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COVID-19 Economic Injury Disaster Loan (EIDL)

Effective March 12, 2021

- Due dates for disaster loans made in 2020 extended to 24-months from the date of the note and to 18-months from the date of the note for loans made in the calendar year 2021

Effective April 6, 2021

- Amounts organizations can borrow will increase from 6-months economic injury with maximum of \$150,000 to up to 24-months of economic injury with a max of \$500,000
- SBA will reach out directly via email to businesses that received a loan and provide more details on how to request an increase
- Loans in process will automatically be considered for revised 24 months of economic injury up to a maximum of \$500,000.



SBA.gov/Disaster

Information Current as of 3/25/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

Targeted EIDL Advance

No action required until contacted by the SBA via direct email invite

- Economic Aid Act increased previous EIDL Advance to the full \$10,000 if the business is: 1) in a low-income community; 2) suffered greater than 30% economic loss; and 3) has 300 or fewer employees
- Those who applied for an EIDL Advance but didn't receive funds due to lack of funding will receive a full \$10,000 if they meet same requirements above and per Targeted EIDL Advance funding availability
- The **SBA will reach out to those who may qualify** via email with instructions to determine eligibility and submit documentation.
- Businesses may determine their eligibility based on SBA's economically disadvantaged areas mapping tool at <https://sbaeidl.policymap.com/ap>



SBA.gov/CoronavirusRelief

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Targeted EIDL Advance

Items needed to verify eligibility and submit

- 2019 Federal Tax Return (recommended to have on hand when applying)
- EIN/SSN as specified in original EIDL application
- Monthly gross receipts for 2019, 2020, and completed months in 2021
- Confirm information in original EIDL application is still accurate (changes may require a manual review and documentation)
- Applicants that pass the initial eligibility requirements will be required to sign a 4506-T for the SBA to obtain tax transcripts before the agency can approve the Targeted EIDL Advance



Targeted EIDL Advance

Application Process

- Only one submission for each Targeted EIDL Advance can be made
- Carefully review the bank account information
- **Accuracy is key:** Ensure information submitted is 100% correct; no corrections allowed after application is submitted and SBA will not be able to make reconsiderations
- SBA's goal is to process completed applications within 21 days; applications may not be considered complete until after IRS Form 4506-T is received
- **Application questions:** TargetedAdvance@sba.gov or call 1-800-659-2955
- **If approved:** You will receive an email & ACH deposit to the bank account provided



Shuttered Venue Operators Grant

Applications open April 8, 2021

Eligible Entities

- Live venue operators or promoters and theatrical producers
- Live performing arts organization and motion picture theater operators
- Relevant museum operators, zoos and aquariums who meet specific criteria
- Talent representatives
- Up to five business entities owned by an eligible entity that also meet the eligibility requirements

Plus ...

- Must have been in operation as of Feb. 29, 2020
- **NEW:** Organizations that apply for a PPP loan after Dec. 27, 2020, can also apply for an SVOG, with the eligible entity's SVOG reduced by the PPP loan amount



SBA-Backed Loan Debt Relief

Program for 7(a), 504 and Microloan Borrowers Only

- Assistance varies based on when the SBA-backed loan was approved and by type of loan (7(a), 504 and/or Microloan).
- Borrowers do not need to apply for this debt relief; the SBA provides it automatically.
- Letters have been distributed to eligible borrowers; a sample letter can be found at www.sba.gov/coronavirusrelief > Debt Relief > Sample Section 1112 Borrower Letter
- Contact your lender with debt relief questions



SBA COVID-19 Economic Aid Funding Options

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Restaurant
Revitalization
Fund (RRF)
**Steve (SBDC)
to Review**

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Email: infosdo@sba.gov



Call: (206) 553-7310



www.sba.gov/coronavirusrelief - all economic aid options

www.sba.gov/ppp - Paycheck Protection Program



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STEVE BURKE

Western Washington Regional Manager
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U.S. Small Business
Administration

Restaurant Revitalization Fund & Working Washington 4 Grant Opportunities

SBA Restaurant Revitalization Fund

- \$28.6 billion with \$5 billion reserved for those with gross receipts of not more than \$500,000 in 2019
- Aims to help restaurants, bars and related businesses that are one of the hardest-hit industries during COVID-19
- Designed to cover a restaurant's total revenue losses by distributing grants to restaurants that can demonstrate this loss
- Grant Program to be administered by SBA, launch TBD (estimates 30 – 45 days out)
- Program Covered Period: February 15, 2020 – December 31, 2021

SBA Restaurant Revitalization Fund

Eligible establishments include:

- Restaurants, food stands, food trucks, food carts and caterers
- Bars, saloons, taverns, bars, lounges, brewpubs and inns
- Tasting rooms, taprooms, and licensed facilities or premises of a beverage alcohol producer where the public may taste, sample, or purchase products

Ineligible:

- Restaurant or bar that is part of a publicly-traded company or owned by a state or local government
- Owners that operate more than 20 restaurants
- **NOTE:** if you are the owner of a franchise and you do not control more than 20 locations, you are likely eligible to apply

SBA Restaurant Revitalization Fund

Potential Grant Amount:

- Maximum grant amounts will be \$5 million for restaurants
- Maximum \$10 million for restaurant groups
- Restaurants can apply for grants that are equal to 2020 gross revenue minus 2019 gross revenue

Priority First Three Week (Days 1-21):

- Women-owned, veteran-owned, and socially and economically disadvantaged small businesses
- SBA will then award grants to eligible entities in the order in which applications are received

Working Washington 4 Grant Opportunity

\$240 Million in Grant Funds

Opens Monday, March 29, 2020

www.commercegrants.com

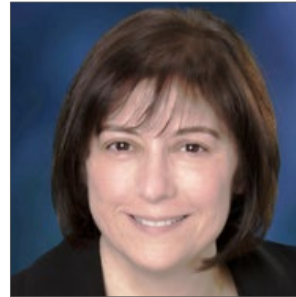
Q&A



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