The Coronavirus Aid, Relief, and Economic Security Act

- **Small Business Paycheck Protection Program**
  - $349 billion loan program, modeled on the SBA 7(a) program
    - Loans can be used to
      - Retain workers
      - Maintain payroll
      - Make mortgage/lease payments
      - Pay utilities
    - 100% government guarantee
  - Eligibility
    - Businesses and 501(c)(3) non-profits with less than 500 employees
    - Some sectors the definition allows for up to 1,500 employees
    - Some sectors the definition is based on revenue
    - Businesses in the Accommodation and Food Services Sector with less than 500 employees at each location
    - Sole proprietors, the self-employed, and independent contractors
  - All lenders may issue loans, not just the SBA
  - Businesses with credit elsewhere are still eligible
  - Fees, principals, and interest are deferred for at least six months but no more than one year
  - Maximum loans covers monthly payroll costs for 2½ months
    - Excludes individual compensations above $100,000 a year
    - No loan can exceed $10 million in the aggregate
  - Loan forgiveness
    - Amount equal to payroll costs, interest on mortgage/lease payments, and utility payments will be forgiven in full
    - Loan forgiveness is reduced at a similar rate to any reduction in employment
      - Also reduced if a business reduces wages/salaries by more than 25%

- **SBA’s Economic Injury Disaster Loans**
  - Loans can now be made solely on credit scores
  - All non-profits are now eligible
  - Loans below $200,000 do not need a personal guarantee
  - Borrowers can receive $10,000 cash advances that are forgiven if spent on paid leave, payroll, increased costs, mortgage/lease payments, or other obligations

- **Middle Market Loan Facility**
  - Allows banks to provide loans to businesses and nonprofits with 500-10,000 employees
  - No more than 2% interest rate
    - No interest for first 6 months
  - Used to retain at least 90% of workforce with full wages and benefits
  - No buybacks or dividend payments
  - No outsourcing of jobs
  - Requires neutrality in union organizing activities
● Other Loan Programs
  ○ $25 billion in loans for passenger air carriers
  ○ $4 billion in loans for cargo air carriers
  ○ $17 billion in loans for businesses critical to national security
    ■ Restrictions on the above three loans
      ● Secured for no more than five years
      ○ And while loan is outstanding plus an additional year
      ● No stock repurchases or dividend payments
      ● Maintain existing level of employment as of March 24th, 2020
      ● One year after loan is no longer outstanding, restrictions on pay increases/severance packages
  ○ $454 billion for loans and investments in support of Federal Reserve credit facilities

● Business Taxes
  ○ Fully refundable 50% tax credit applicable to payroll taxes for employers subject to closure due to COVID-19
    ■ Up to $10,000 per employee
  ○ Delays payment of 50% of payroll taxes due between now and Jan. 1, 2021 to Dec. 31, 2021
    ■ Delays other half of payments due to Dec. 31, 2020
  ○ For 2019 and 2020 business interest, the limitation is increased to 50%
  ○ Allows for employers to delay payment of payroll taxes in anticipation of refunds for paid sick and paid FMLA leave

● Delays required pension contributions due in 2020 to Jan. 1, 2021 with interest

● Bank Relief
  ○ Relieves banks from accounting standards for loan modifications related to COVID-19
  ○ Temporary relief from CECL standards

● Direct Payments
  ○ $1,200 in direct payments to each individual taxpayer plus $500 per child
    ■ $2,400 to joint filers
    ■ No direct payments for those making above $75,000

● Unemployment
  ○ UI extended to 13 weeks
    ■ Includes a four month enhancement of benefits
    ■ Extension is completely covered by the federal government
  ○ Individuals not eligible for regular UI or who have exhausted their UI benefits may still be eligible for unemployment compensation
    ■ Under certain COVID-19 related circumstances, as long as teleworking is not an option
    ■ Extension is completely covered by the federal government
  ○ Neither provisions cover employees receiving paid sick or family leave
- Defers student loan payments, principal, and interest thought September 30, 2020
- Provides $32 billion to the airline industry in order to support employee wages and benefits
- Allocates $1.5 billion to the Economic Development Administration
  - Supports economic development grants for states and communities suffering economic injury
- Allocates $50 million to the Manufacturing Extension Partnership
  - To help small and medium sized manufacturers recover from the economic impacts of the coronavirus
- Allocates $562 million to the SBA
  - Additional funding for administrative expenses and program subsidy for Disaster Loans Program
- Allocates $9.1 million to the Cybersecurity and Infrastructure Agency
  - Improved coordination for the protection of critical infrastructure worldwide