



## **Economic Aid to Hard Hit Small Businesses, Nonprofits, and Venues**

### **Overview:**

The Consolidated Appropriations Act signed into law on December 27, 2020, provides \$900 billion in emergency Coronavirus relief funding. The new stimulus package did not only provide direct payments to Americans, it also provided aid and relief to small business owners, those who are unemployed and has allocated funding for COVID-19 testing and administering vaccines.

As part of the Consolidated Appropriations Act, Congress passed the Economic Aid to Hard Hit Small Businesses, Nonprofits, and Venues Act ("Hard Hit Act"), which provides additional funding to programs that benefit small business owners. Through the Paycheck Protection Program and the emergency Economic Injury Disaster Loan program established by the CARES Act, small businesses received \$700 billion in economic relief. While the CARES Act was able to provide aid to numerous small business owners, it was not enough funding during this severe time of need and many businesses were left out of the original Coronavirus relief package.

The new package offers more funding, more flexibility, a new grant program and the expansion of COVID-19 relief programs. Below you will find more information on what the Economic Aid to Hard Hit Small Businesses, Nonprofits, and Venues Act has to offer.

### **Information on the following:**

1. Paycheck Protection Program (PPP)
2. Economic Injury Disaster Loan (EIDL)
3. Shuttered Venue Operator Grant

### **PAYCHECK PROTECTION PROGRAM (PPP)**

The new stimulus bill allocated \$284.5 billion to update the Paycheck Protection Program in order to meet the growing needs of small business owners amidst the on-going pandemic.

- First Draw PPP loans open on Monday, January 11th and Second Draw Loans open on Wednesday, January 13th. The PPP will be open through March 31, 2021.
- Borrowers will now have 8-24 weeks to use the loan.

## 1. Second Draw PPP Loans

Businesses that received a PPP loan in 2020 are now able to apply for a second PPP with similar loan terms if they meet the eligibility requirements. The maximum loan size amount is \$2 million.

- a. Eligible entities: Businesses, certain non-profits, housing cooperatives, self-employed individuals, sole proprietors, independent contractors, small agricultural co-operatives, veterans' organizations and tribal business.
- b. Targeted Eligibility: Companies with fewer than 300 employees, can demonstrate a 25% reduction in gross receipts for the same quarter in 2020 compared to 2019.

## 2. Expansion of Eligible Business:

Businesses that can apply for PPP now include: 501(c)(6), nonprofits, local news media organizations, destination marketing organizations and housing cooperatives.

## 3. Expansion of Eligible Expenses

During the first round of PPP eligible expenses only included payroll costs, rent, and utility expenses. The second round of PPP has expanded the type of expenses that are eligible for forgiveness. The new eligible expenses apply to all PPP loans.

- a. Safety precautions: Costs associated with Personal Protective Equipment (PPE) and improvements to business in order to establish a COVID free workspace.
- b. Operations expenditures: Software, cloud computing, or other human resources and accounting needs.
- c. Property damage: Costs related to property damages due to public disturbances that are not covered by insurance
- d. Supplier costs: Any purchase order or order of goods essential to business operations

## 4. Targeted Set Asides for America's Smallest Businesses

Because the "first come, first serve" policy was not equitable for very small businesses, the bill created two set-asides for borrowers with 10 or fewer employees and for businesses located in Low to Moderate Income areas. The maximum loan amount for these set-asides are \$250,000.

## ECONOMIC INJURY DISASTER LOAN (EIDL)

The Hard Hit Act allocated \$20 billion to the Economic Injury Disaster loan. The EIDL is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue due to COVID-19. Congress made the EIDL grant more obtainable for smaller businesses in low-income communities and extended the covered period through December 31, 2021. The new application portal should be open by January 17th, as indicated by the SBA.

- Applicants do not need to take any action at this time. SBA will reach out to those who qualify.
  - SBA will first reach out to EIDL applications that already received a partial EIDL
  - Advance (i.e. between \$1,000 - \$9,000).
  - Applicants will be contacted directly by SBA via email with instructions to determine eligibility and submit documentation.

**1. Targeted EIDL Advance To Ensure Continuity, Adaptation and Resiliency**

- a. Businesses must have 300 or fewer employees, be located in a low-income community, and have suffered an economic loss greater than 30% due to COVID-19 to be eligible to receive the EIDL grant.
- b. Businesses in low-income communities that previously received only a portion of the \$10,000 EIDL grant, are now able to apply for the difference in funds, up to \$10,000.
  - i. Example: If a small business owner primarily only received \$2,000, they are now eligible to receive the remaining \$8,000.
- c. SBA will reach out to those who have previously applied for the EIDL grant first before opening it up to new applicants
- d. All applicants may be asked to provide an [IRS Form 4506-T](#) to allow SBA to request tax return information on the applicant's behalf.

**2. Repeal of EIDL Advance Deduction.**

- a. The new stimulus bill repeals the portion of the CARES Act that requires PPP borrowers to deduct the amount of their EIDL grant from their PPP forgiveness amount.

**SHUTTERED VENUE OPERATORS GRANT**

The traditional economic relief programs used during COVID-19 like the PPP and the EIDL did not fully benefit or help live venue operators and other entertainment related businesses. The live event industry has experienced extreme hardships with nearly 90% of revenue loss in 2020. Congress allocated \$15 billion to create the Shuttered Venue Operators grant, which will provide aid to the struggling industry.

**1. Who is Eligible**

- a. The following entities who have demonstrated 25% or more reduction in revenue may be eligible to receive up to \$10 million. Entity must have been in operation as of February 29, 2020
  - i. Live operators or promoters
  - ii. Theatrical producers
  - iii. Live performing arts organization operators
  - iv. Museum operators
  - v. Motion picture theatre operators
  - vi. Talent representatives
- b. **Other requirements of note:**
  - i. Must have been in operation as of Feb. 29, 2020
  - ii. \*Venue or promoter must not have received a PPP loan on or after Dec. 27, 2020\*

**2. Initial Grants**

- a. An eligible entity that was in operation on Jan. 1, 2019, the lesser of an amount equal to 45% of their 2019 gross earned revenue OR \$10 Million.
- b. An eligible entity that began operation after Jan. 1, 2019, the lesser of the average monthly gross revenue for each full month you were in operation during 2019 multiplied by 6 OR \$10 Million.
- c. Initial grants may be used for costs incurred between March 1, 2020 and December 31, 2021

### 3. Supplemental Grants

- a. The SBA may award a supplemental grant to an eligible person or entity that receives an initial grant if, by April 1, 2021, its revenues for the most recent calendar quarter are not more than 30% of its revenues for the same quarter in 2019 due to the COVID-19 pandemic.
- b. The amount for the supplemental grants will equal 50% of the initial grant received.
- c. Supplemental grants may be used for costs through June 30, 2022.
- d. Once all initial grants have been processed within the first 60 days, Supplemental grants can then be administered.

### 4. Priority Period

- a. In the initial 14-day period of implementation of the program, grants shall only be awarded to eligible entities that have faced 90 percent or greater revenue loss.
- b. In the 14-day period following the initial 14- day period, grants shall only be awarded to eligible entities that have faced 70 percent or greater revenue loss.
- c. At the end of these two periods, grants shall be awarded to all other eligible entities
- d. **Break down of priority period:**
  - i. Small entities with up to 50 employees
    - 1. First Priority (First 14 days): Entities that suffered a 90% or greater revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
    - 2. Second Priority (Next 14 days): Entities that suffered a 70% or greater revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
    - 3. Third Priority (After 28 days): Entities that suffered a 25% or greater revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
    - 4. Supplemental Funding (Available after priority period): Recipients of First and Second Priority round who suffered a 70% or greater revenue loss for the most recent calendar quarter (as of 04-01-21 or later).
  - ii. Unrestricted; open to entities of any size:
    - 1. Non-priority (61 days after initial awards): Eligible entities of any size that suffered a 25% or greater revenue loss.
- e. Contact: For additional information, email [SVOGrant@sba.gov](mailto:SVOGrant@sba.gov)

## **Additional information:**

### **SBA COVID-19 Small Business Relief:**

- <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>

### **PPP**

- [Interim Final Rule on Loan Forgiveness Requirements and Loan Review Procedures as Amended by Economic Aid Act](#)
- [PPP Loan Forgiveness Application Form 3508](#)
- [PPP Loan Forgiveness Application Form 3508EZ](#)
- [PPP Loan Forgiveness Application Form 3508S](#)
- [Borrower's Disclosure of Certain Controlling Interests](#)
- [How to Calculate Maximum Loan Amounts for First Draw PPP Loans and What Documentation to Provide – By Business Type](#)
- [Procedural Notice - PPP Borrower Resubmissions of Loan Forgiveness Applications Using Form 3508S, Lender Notice Responsibilities to PPP Borrowers, and Offset of Remittances to Lender for Lender Debts](#)
- [Procedural Notice - Paycheck Protection Program Excess Loan Amount Errors](#)

### **EIDL**

- [COVID-19 Economic Injury Disaster Loans \(sba.gov\)](#)

### **Shuttered Venue Operators Grant**

- [Shuttered Venue Operators Grant \(sba.gov\)](#)
- [Archived Webinar: Shuttered Venue Operators Grant Overview - YouTube](#)

### **Local SBDC**

- Stanislaus County: <https://valleysierrasbdc.com/>
- San Joaquin County: <https://www.sanjoaquinsbdc.org/>