



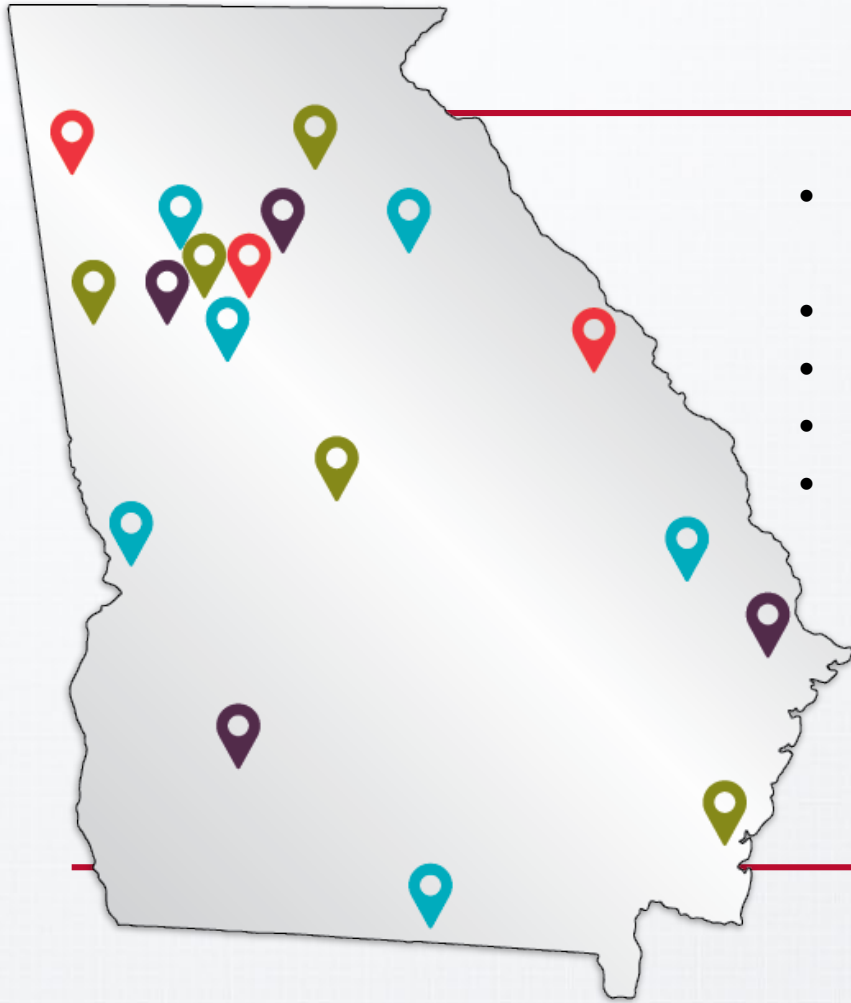
# PREPARING FOR THE SECOND ROUND OF COVID-19 RELIEF FUNDING

January 7, 2020



Small Business  
Development Center  
UNIVERSITY OF GEORGIA

# OUR RESOURCE PARTNERS & Statewide Reach



- Funded in part through a Cooperative Agreement with the U.S. Small Business Administration
- A Public Service and Outreach Unit of the University of Georgia
- 18 offices covering every county in the state.
- One network, in partnership with 7 state universities
- Partnership to present this webinar with Georgia Department of Economic Development and Georgia Department of Community Affairs.



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PREPARING FOR SECOND ROUND OF COVID-19 RELIEF FUNDING



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

- Signed into law on December 27, 2020
- It is part of Consolidated Appropriations Act of 2021
- Key Components:
  - “PPP Second Draw” Loan (PPP2)
  - Targeted EIDL Advance
  - SBA Guaranteed Loan Debt Relief
  - Targeted Programs for:
    - Hardest Hit Businesses
    - Disadvantaged Businesses
  - Resolves tax treatment of PPP Forgiveness and Debt Relief Payment



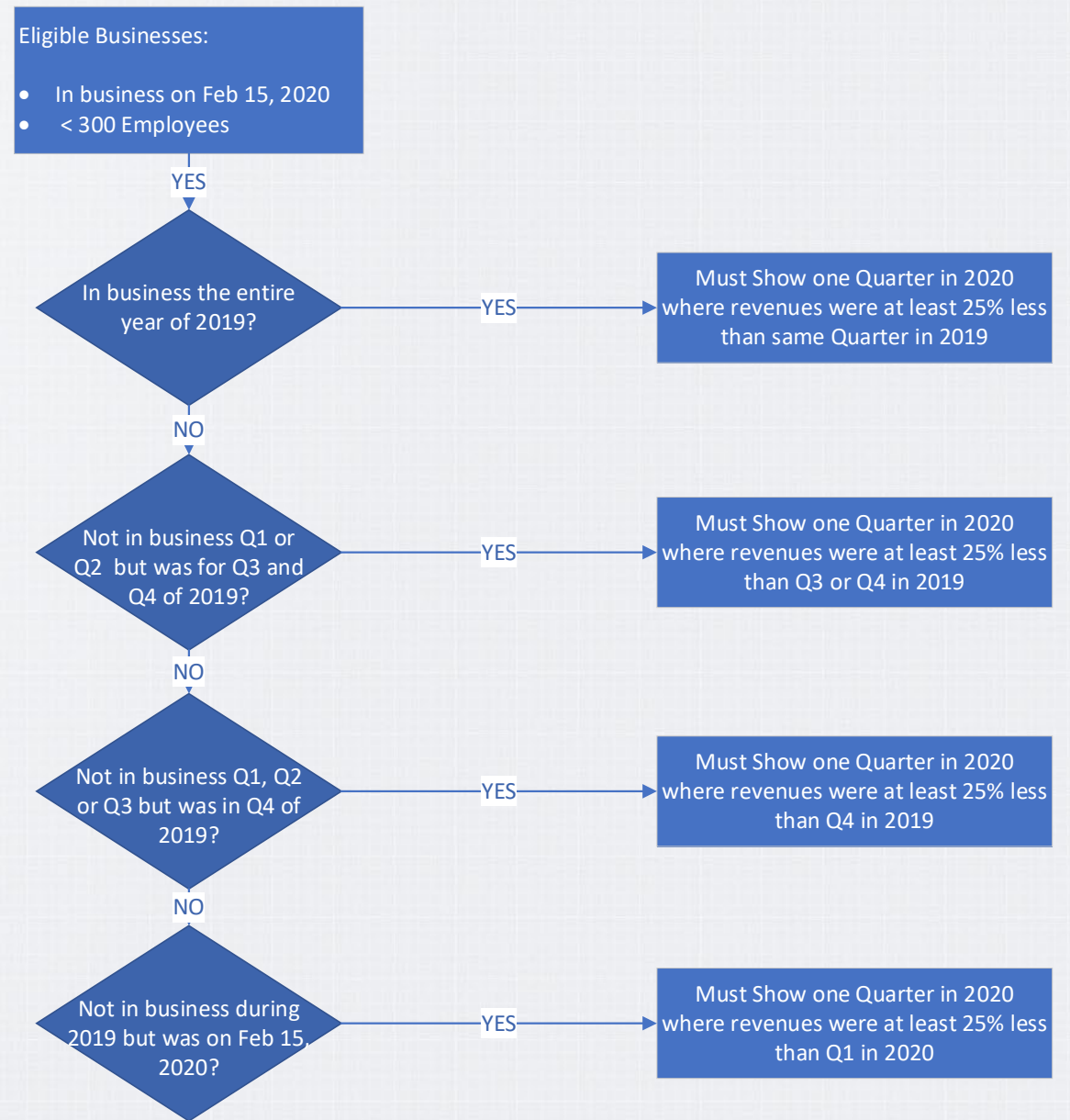
# “PPP Second Draw” (PPP2)

- Eligible Businesses:
  - Must have experienced at least one quarter in 2020 where revenues were 25% or more below corresponding 2019 quarter
  - No more than 300 employees
  - Must have or will use full amount of initial PPP loan funds (PPP1)
  - Same business types as qualified for initial PPP loans
  - Had to be in business on February 15, 2020
- Loan limit of \$2M and \$10M if combined with PPP1
- Loan based on:
  - 2.5X average monthly 2019 payroll (same as PPP1)
  - 3.5X if you're a business with a NAICS Code beginning in 72





# How to Determine Eligibility



KEY TERMS	CARES ACT (PPP Loan)	PPP FLEXIBILITY ACT (PPPFA)*	PPP FINAL IMPACT
Interest Rate	1%	1%	<b>1%</b>
Term	2 years	5 years	<b>2-5 years</b>
Deferral Period	6 months	10 months+	<b>10 months+</b>
Covered Period	8 weeks	24 weeks	<b>8 or 24 weeks</b>
Loan Forgiveness Limits:			
- Payroll Expenses	75% minimum	60% minimum	<b>60% minimum</b>
- Non-Payroll Expenses	25% maximum	40% maximum	<b>40% maximum</b>

# Changes to PPP

- **Additional Eligible Expenses:**
  - **Operations Expenditures** – software, cloud computing, HR and accounting expenses
  - **Property Damage Costs** – repair expenses due to public disturbances not covered by your insurance
  - **Supplier Costs** – supplier costs essential to your business
  - **Worker Protection Expenditure** – cost incurred to protect workers from COVID-19
  - **Employer Provided Group Insurance** – can be included as payroll costs
- Can request an increase in PPP1 loan if SBA updated regulations would have allowed it (e.g. Owner's Draw)



# Changes to PPP (cont'd)

- Seasonal Employer
  - Operates for no more than seven months in a year
  - Earned no more than 1/3 of its receipts in any six month period during prior calendar year
  - Can use highest 12 consecutive weeks of payroll between Feb 15, 2019 and Feb 15, 2020 to calculate loan size
- 501(c)(6) are now eligible – cannot have more than 15% of its revenue from lobbying efforts
- Loans available through March 31, 2021





# Changes in PPP Forgiveness

- For loans under \$150k – forgiveness application is now a one-page certification that identifies:
  - Number of employees you were able to retain
  - Estimate of amount spent on payroll
  - Total loan amount
- Must attest to the use of funds for allowable expenses only
- SBA will issue this form within 24 days of enactment



# Resolution of Tax Issues

- Expenses paid by PPP funds can be claimed as business expenses
  - Resolves the IRS and Treasury guidance that this would constitute ‘double-dipping’ and they couldn’t be used as business expenses
  - States this change ‘shall be effective as if included in the CARES Act’
- Debt relief payment of P&I will not be treated as income
  - Reverses recent guidance that required lenders to issue 1099 forms to borrowers benefiting from this program
  - States this change ‘shall be effective as if included in the CARES Act’



# Targeted EIDL Advances

- Emergency EIDL grants extended through Dec 31, 2021
- Targeted Advances to Eligible Entities:
  - Cannot have more than 300 employees
  - Must be located in a low-income community
  - Must have suffered an economic loss of greater than 30 percent:
    - During an 8-week period between March 2, 2020 and December 31, 2021
    - Relative to a comparable 8-week period preceding March 2, 2020 or 2019



# Targeted EIDL Advances (cont'd)

- Total amounts available to Eligible Entities
  - If you didn't receive an earlier advance – you will be able to get \$10k
  - If you did receive an earlier advance – you will receive a grant equal to \$10k minus your earlier advance
- Other Changes in EIDL program:
  - The new Act - Repeals the EIDL Advance Deduction from forgiveness (those already forgiven will be 'made whole')
  - SBA – extended deadline for EIDL applications to December 31, 2021





# SBA Guaranteed Loan Debt Relief

- Pays an additional 3 months of principal and interest (P&I) on existing 7(a), 504 and Microloans
  - Begins in February 2021 – capped at \$9000 per month
  - After 3 months – businesses with selected NAICS codes will receive an additional 5 months of P&I payments – capped at \$9000 per month
  - Designated NAICS Codes beginning in: **61, 71, 72, 213, 315, 448, 451, 481, 485, 511, 512, 515, 531, or 812**



# SBA Loan Debt Relief (cont'd)

- Pays 6 months of P&I for any new SBA guaranteed loans approved before September 30, 2021
  - Plus 3 months after first 6 months of payments
  - Plus 5 months if you have a qualifying NAICS Code
  - Subject to further refinement by the SBA
- Improvements have been made to the SBA 7(a) program
  - Increased SBA guarantee level to 90%
  - Reduced or eliminated some fees



# Grants for Shuttered Venue Operators

- \$15B for SBA grants to:
  - Theatrical producers and talent representatives
  - Operators of:
    - Live venues
    - Live performing arts organizations
    - Museums
    - Independent motion picture theatres
  - Must demonstrate a 25% reduction in revenue
  - Can be up to \$10 million dollars with a potential supplement of 50%
  - \$2B is set-aside for those with less than 50 employees



# Timing of Grants to Venues

- In the initial 14 days of the program, grants will be exclusively made to those with 90% or greater revenue loss
- In the second 14 days, grants will be to those with 70% or greater revenue loss
- After these two rounds – all other qualifying entities will receive awards
- NOTE – if you receive a grant, you cannot participate in PPP2



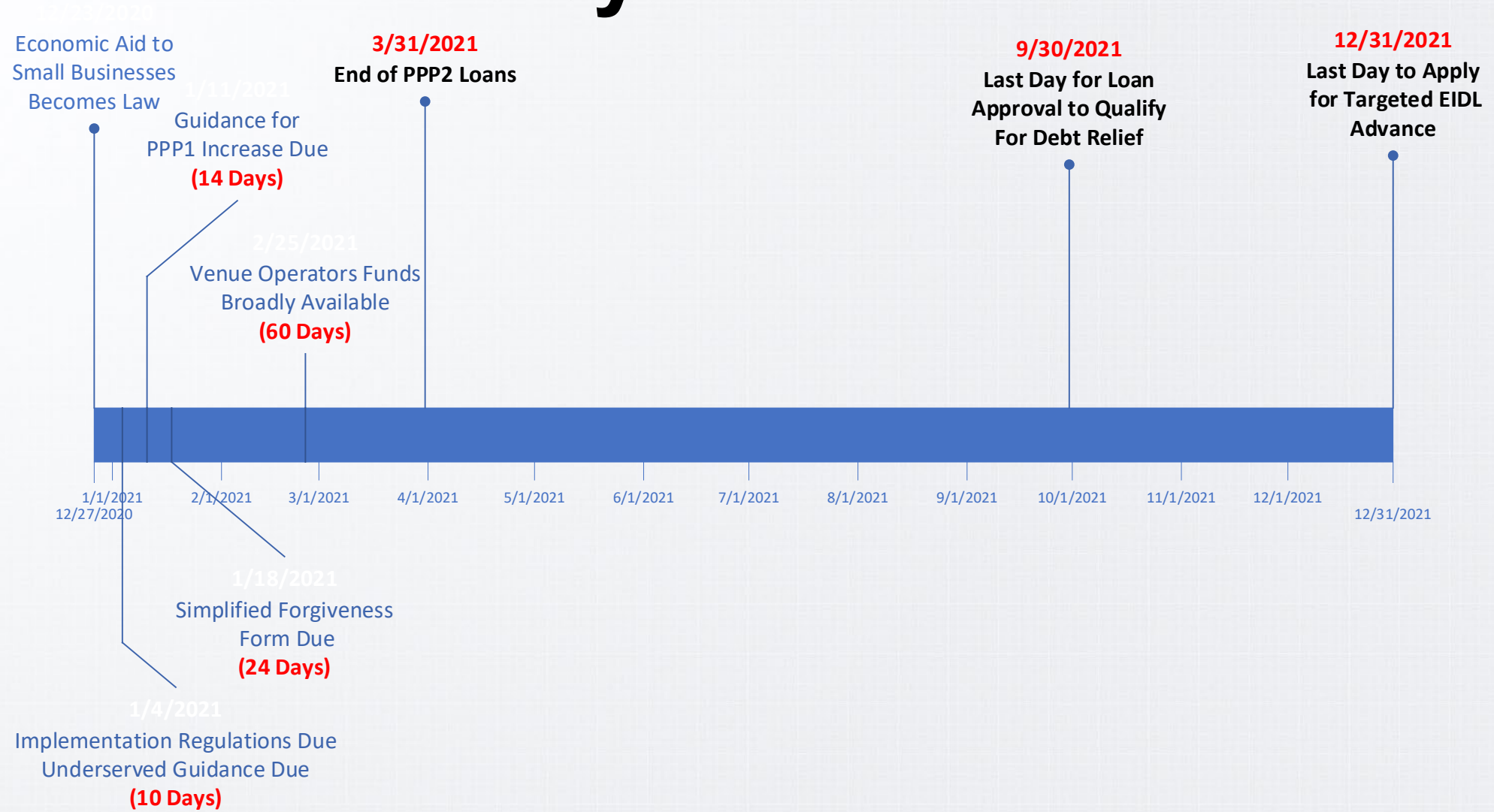


# Focus on Disadvantaged Businesses

- \$15B is set aside for CDFI/MDI Lenders
- Programs Targeted at Specific Business Segments
  - Child Care Providers
  - Transportation Providers
  - Rental Assistance
  - Agriculture



# Key Milestones



# What Can You Do Now?

- Pull together your financial information and be ready when bank portals reopen
- The information needed is nearly identical to what you did for PPP1
- For updated information:
  - Watch for SBA and Treasury guidance – our website is a good source of information - [www.georgiasbdc.org](http://www.georgiasbdc.org)





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# THANK YOU.

For up-to-date relief information, a list of our center locations & contact information,  
please visit our website:

[www.georgiasbdc.org](http://www.georgiasbdc.org)

