



## H.R. 748 - Coronavirus Aid, Relieve, and Economic Security

*Updated April 3, 2020*

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- Major stimulus package (\$2.2 trillion)
- Loans and support to small businesses major industries
- Direct payments to individuals and families
- Became law on March 27, 2020
- Third bill passed by Congress to manage coronavirus disaster

### SBA Paycheck Protection Program (PPP) Loans

- Focus on small businesses, which can include motor vehicle parts manufacturers with up to 1500 employees depending on business type. See links below to find your company classification.
- Provides cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency.
- Loans will be disbursed by banks, credit unions and other approved lenders, not the SBA itself.
- If employers maintain their payroll, the loans would be forgiven. Loan forgiveness levels are based on level of employees maintained. If you keep all employees, the entirety of the loan will be forgiven. If you lay off employees, the forgiveness will be reduced by the percent decrease in the number of employees. If you have already laid off some employees, you can still be forgiven for the full amount of your payroll cost if you rehire your employees by June 30, 2020.
- PPP allows:
  - Forgiveness of up to 8 weeks of payroll based on employee retention and salary leave.
  - Borrowers can choose which 8 weeks they want to count towards the covered period, starting as early as February 15, 2020.
  - No SBA fees.
  - At least six months of deferral with maximum deferrals of up to a year.
- Small businesses and other eligible entities will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020.
- This program is retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. Loans are available through June 30, 2020.

### SBA Economic Injury Disaster Loan Program

- If you already applied for an SBA Economic Injury Disaster Loan (EIDL), you can still apply for a PPP loan. If the EIDL was not used for payroll costs, it does not affect your eligibility for PPP loans. If you used the EIDL for payroll costs, your PPP loan must be used to refinance your EIDL loan.
- Please note that the EIDL loans include an up to \$10,000 advance for applicants. The emergency advance is available within three days of application for eligible applicants. Please note that this advance does not require repayment. However, if you collect the advance, any amount collected will be deducted from the loan forgiveness amount on your PPP loan if you apply.

### **HELPFUL LINKS**

- [\*Small Business Administration Paycheck Protection Program\*](#)
- [\*Small Business Administration Economic Injury Disaster Loan Program\*](#)
- [\*Is My Company a Small Business? Find your company's NAICS Code here.\*](#)
- [\*What Is My Company's NAICS Code?\*](#) Many motor vehicle parts manufacturers fall into subsector 336. Click [here](#) for a searchable list within subsector 336. Other motor vehicle suppliers, such as those that manufacture chemicals, plastics, textiles, etc., are in the broader sectors 31-33. The complete list can be found [here](#).
- [\*Borrower Details from the Department of Treasury\*](#)
- [\*Sample Application\*](#)
- [\*Lender Details from the Department of Treasury\*](#)
- [\*PPP Summary from the Department of Treasury\*](#)
- [\*Senate Small Business Committee FAQ and Summary of Program\*](#)

## Loan Programs and Credit Facilities

- Department of Treasury must publish procedures and guidance for these loan programs by Monday, April 6, 2020 (10 days from date of enactment).
- \$500 billion for loans and loan subsidies and support for Federal Reserve credit facilities.
- \$454 billion for loans, loan guarantees and investments in support of facilities established by the Federal Reserve to support lending to eligible businesses, states, or municipalities.
- \$454 billion could be leveraged significantly, potentially providing up to \$4 trillion in financial support.
- Defines “United States businesses” as businesses “that are created or organized in the United States or under the laws of the United States and that have significant operations in the U.S. and a majority of its employees based in the United States.”
- Funds must be used to retain 90 percent of workforce at full wages and benefits through September 30, 2020 and companies must intend to restore 90 percent of workforce on hand on February 1, 2020.
- The Treasury Secretary will “endeavor to seek the implementation” of a Middle Market loan facility for banks and other lenders to provide loans to businesses and eligible nonprofits with 500-10,000 employees.
- This could be one of many loan facilities created and no borrower is required to use this particular facility.

## Unemployment Programs

- Extends unemployment insurance by 13 weeks and includes a four-month enhancement of benefits.
- Unemployment compensation is available for those not eligible for regular UI, including those who may have exhausted benefits.
- An individual must provide certification that he or she is able and available to work, but is unemployed or underemployed due to:
  - Coronavirus diagnosis or presentation of symptoms and seeking medical attention.
  - A household member with coronavirus diagnosis.
  - Caring for a family member who has been diagnosed.
  - School or daycare closures and the individual is the primary child caregiver.
  - Workplace lock-down.
  - Advise from a health care provider to self-quarantine.
  - The individual was about to start a job that is no longer available because of coronavirus.
  - The individual is now the breadwinner of a household because someone has died from coronavirus.

- The individual had to quit because of a circumstance resulting from coronavirus.
- The individual's place of work is closed because of coronavirus.
- These provisions do not apply to an individual who can telework with pay.
- These provisions do not cover someone getting paid sick leave or paid family leave.
- The unemployment provisions run from January 27 to December 31, 2020.
- Receipt of assistance under the unemployment provisions shall not exceed 39 weeks unless otherwise extended.
- No one week waiting period.
- The federal government will pick up 100 percent of the cost.
- Upon agreement between a state and the federal government, an additional \$600 per worker per week unemployment compensation payment is available.
  - This compensation is 100 percent covered by the federal government.
- The additional payment sunsets on July 31, 2020.
- The federal government will pick up the cost for any states that waive the one-week waiting period. This sunsets on December 31, 2020.
- Employer may continue to pay for health insurance under this program.
- Funding for short-time compensation programs – allows employers to reduce hours rather than layoffs. Employee receives a pro-rated unemployment benefit.
  - Does not apply to seasonal, temporary, and intermittently employed employees.

### **HELPFUL LINKS**

- [Specific State Unemployment Information](#)

### **Business Tax Provisions**

- Employee retention tax credit for employers subject to closure due to COVID-19 (permits fully refundable 50 percent tax credit applicable to the employer's share of payroll, includes health benefits).
  - Available to employers whose businesses were disrupted due to virus-related shutdowns and firms experiencing a decrease in gross receipts of 50 percent or more when compared to the same quarter last year.
- Taxes on wages up to \$10,000 per employee; widely available with special rules for small employers).
- Delay of payment of employer payroll taxes [defer payment of the employer share of the Social Security tax due between now and January 1, 2021 to December 31, 2021 (50 percent due) and December 31, 2020 (remainder due)].
- Modifications for net operating losses (for 2018, 2019, 2020, loss can be carried back 5 years, temporarily suspends 80 percent limitation; extends to pass-throughs, sole proprietors).
- Accelerates ability of companies to recover Alternative Minimum Tax (AMT) credits.
- Modification of limitation on business interest (for 2019, 2020, increases 30 percent limitation to 50 percent).
- Technical amendment regarding qualified improvement property.
- Temporary exception from excise tax for alcohol used to produce hand sanitizer (for 2020).

### **HELPFUL LINKS**

- [IRS Form - Advanced Payment of Employer Credits Due to COVID-19](#)
  - [Instructions](#)

## Pension and Employee Benefit Requirement

- Allows the Department of Labor to delay employee benefit related deadlines because of a public health emergency the same as declared national disasters or terroristic military actions.
- Delays any required minimum pension contributions due in 2020 until January 1, 2021 (plus interest).
- For benefit restrictions, allows a plan sponsor to use the adjusted funding target attainment percentage for the last plan year ending before January 1, 2020 for plan years including calendar year 2020.