



 **VAN TAYLOR**

*CORONAVIRUS*  
**SMALL BUSINESS**  
RESOURCE GUIDE



**VANTAYLOR.HOUSE.GOV**

# CORONAVIRUS SMALL BUSINESS RESOURCE GUIDE

Over the past several weeks, I have talked with countless businesses about their ability to operate amidst the devastating effects coronavirus has taken on every facet of commerce.

There is no doubt Americans need support at this very moment and Congress has come together to pass bipartisan legislation to quickly deliver much-needed help directly to businesses.

Included in this guide is information on the resources and support available to small businesses throughout Collin County. More can be found on my website, [VanTaylor.house.gov/business](http://VanTaylor.house.gov/business).

This is an unprecedented moment for our nation and while families and their businesses face mounting uncertainty about the future, one thing is clear - we are in this together.

As you consider the information in this guide, please don't hesitate to reach out. My staff and I are here to assist you in any way possible during these uncertain times. You can reach me by calling my office at (972) 202-4150 or send me an email online.

**DISASTER LOANS**

**EMERGENCY  
GRANTS**

**PAYCHECK  
PROTECTION**

**TAX RELIEF**

**PAID SICK  
LEAVE**

**PAID FAMILY  
MEDICAL LEAVE**

**BANK  
ASSISTANCE**

**ADDITIONAL  
RESOURCES**

**CONTACTS**



# SBA RESOURCES

## SBA ECONOMIC INJURY DISASTER LOANS

On March 17, 2020, Governor Greg Abbott requested designation from the Small Business Administration (SBA) Economic Injury Disaster Declaration in order to access the Economic Injury Disaster Loan (EIDL) program for the entire state of Texas.

These are targeted, low-interest loans to small businesses and most private non-profits that have been severely impacted. The program provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

EIDL interest rates are determined by formulas established in law and are fixed for the life of the loan. EIDL loans can have maturities up to thirty years and interest rates cannot be more than four percent.

The CARES Act made a number of changes to the SBA's EIDL program to help small businesses further. Eligibility for an EIDL loan was expanded under the bill to include cooperatives, ESOPs with fewer than 500 employees, sole proprietors, and independent contractors.

### WHO IS ELIGIBLE?

- Business with less than 500 employees
- Business that otherwise meets SBA Size Standards
- Cooperative with less than 500 employees
- Small businesses engaged in aquaculture, ag cooperative, nursery or producer cooperative that is small under SBA standards
- Most private nonprofits, including 501(c)(3)s
- Employee Stock Ownership Plan (ESOP) with less than 500 employees
- Individuals who operate as sole proprietors, independent contractors, or are self-employed
- Agricultural enterprises with 500 or fewer employees

### WHICH NON-PROFITS QUALIFY?

- Private nonprofits with an effective ruling from the IRS, granting tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code, or if you can provide satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law you may be eligible for an EIDL

# SBA RESOURCES



## WHAT ARE THE CREDIT REQUIREMENTS?

Applicant's may be approved solely on their credit score.

EIDLs smaller than \$200,000 can be approved without a personal guarantee.



## WHAT CAN THE LOAN BE USED FOR?

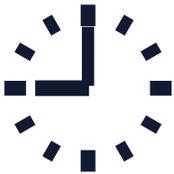
These loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the coronavirus pandemic not occur.



## WHAT ARE THE INTEREST RATES?

The interest rate is determined by formulas set by law and is fixed for the life of the loan.

- 3.75 percent for small businesses
- 2.75 percent for nonprofits



## WHAT IS THE TERM OF THE LOANS?

To keep loans affordable, long-term repayments are provided up to a maximum of 30 years. Terms are determined on a case-by-case basis. Payment is deferred for one year and borrowers can pay off the loan at any time with no penalty.



## LOAN AMOUNT LIMIT

EIDL loans will be offered for up to \$2 million and the amount will be calculated by determining the economic injury minus any business interruption insurance and other recoveries up to the \$2 million cap.

# SBA RESOURCES

## HOW DO I APPLY?

- Small businesses can apply online or mail in completed forms
- Employers will need to fill out a webform that requests information on gross revenues and costs of goods sold over a 12 month period prior to January 31, 2020
- Nonprofits will have to provide costs of operation for a 12 month period prior to January 31, 2020
- More information might be requested for more complex businesses or those seeking a higher loan amount
- Entities must have been in business by January 31, 2020 to be eligible for an EIDL loan and grant
- Businesses can apply for an EIDL until December 20, 2020

VISIT [SBA.GOV](https://www.sba.gov) FOR MORE INFORMATION

## EMERGENCY GRANTS

Due to the processing time of EIDL applications, Congress created a provision to expedite capital access for distressed businesses.

This emergency grant allows small businesses that have applied for an EIDL loan due to the pandemic, to request an advance on the loan, of not more than \$10,000, which the SBA will provide shortly after an applicant has submitted their application.

The amount of the advance will be determined by the number of pre-disaster employees as of January 31, 2020. Applicants will receive \$1,000 per employee up to a maximum of \$10,000.

- You must apply for an EIDL loan to get an advance
- The advance will not have to be repaid even if you end up not qualifying for the loan
- Businesses can apply for the emergency grant when applying for an EIDL loan

# SBA RESOURCES

## PAYCHECK PROTECTION PROGRAM

For small businesses and nonprofits worried about retaining employees and going under due to economic losses, Congress created the Paycheck Protection Program which provides 100% federally-guaranteed loans for eight weeks.

Businesses will be able to apply for loans of up to \$10 million through June 30, 2020.

If an employer maintains payroll continuity over an eight week period as defined by headcount, they are eligible to request loan forgiveness on a Paycheck Protection Loan used to cover payroll costs, interest on mortgage obligations, rent, and utilities.

Small businesses may apply for both SBA loan programs, the EIDL as well as the Paycheck Protection Program. However, the loans must be used for two separate purposes.

## LOAN TERMS

For amounts not forgiven, the interest rate is a fixed 1% and must be repaid in two years.

All payments are deferred for six months with interest continuing to accrue over this period.

There are no prepayment penalties or fees.

No collateral is required.

## ELIGIBILITY

- Small Business with less than 500 employees
- Small Business that meet SBA Size Standards
- Nonprofits including 501(c)(3) with fewer than 500 employees
- Individuals who operates as a sole proprietor, independent contractor or is self-employed
- Tribal small business concern with less than 500 employees
- 501(c)(19) Veterans Organization that meets the SBA size standard
- Businesses must have been in operation on February 15, 2020

## LOAN USAGE

- Payroll costs including continuation of group health care benefits during periods of paid sick, medical, or family leave and insurance premiums
- Employee Salaries, commissions or similar compensations
- Payments of interest on mortgage obligations (excludes prepayment of or payment of principal on a mortgage obligation)
- Interest payment on any mortgage incurred prior to February 15, 2020
- Payment of rent on any lease in force prior to February 15, 2020
- Payment on any utility for which service began before February 15, 2020

# SBA RESOURCES

## HOW MUCH OF MY LOAN WILL BE FORGIVEN?

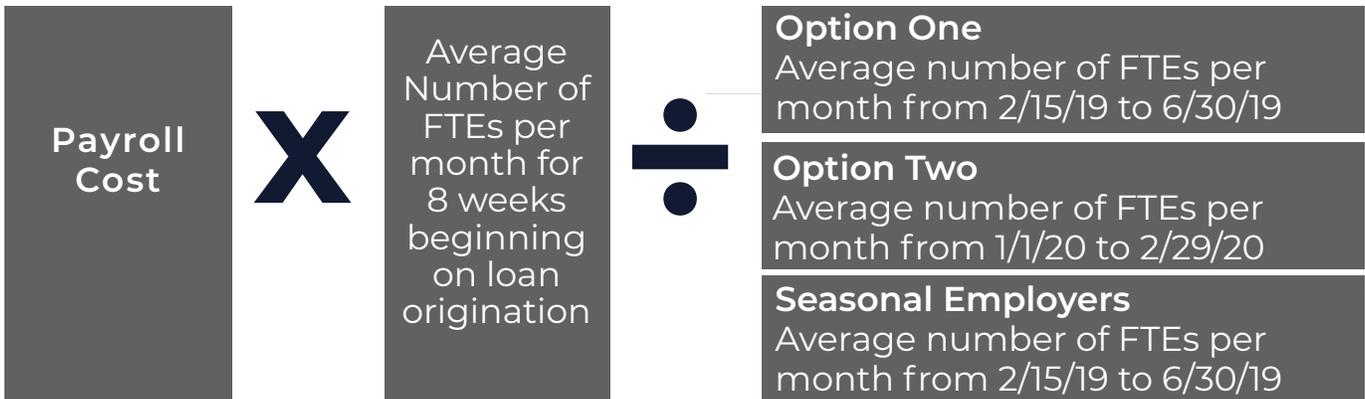
- Amounts forgiven may not exceed the principal amount of the loan
- Borrowers will owe money if they use the loan for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan.
- Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- Borrowers will also owe money if they do not maintain staff and payroll.
- Businesses have until June 30, 2020 to restore their full-time employment and salary levels for any changes made between February 15 and April 26.

## HOW MUCH CAN I BORROW?

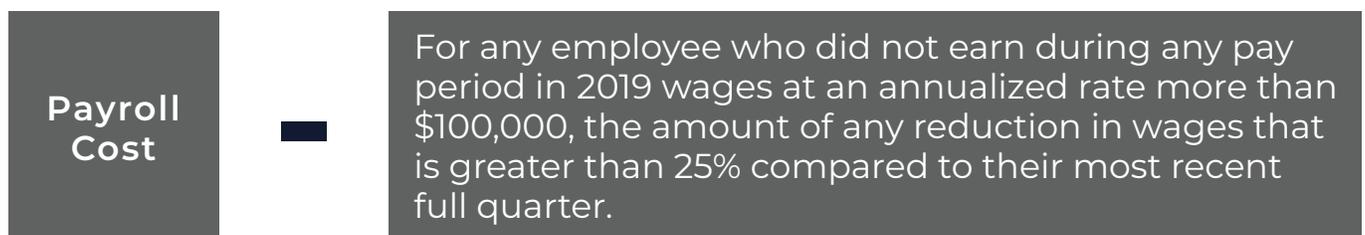
Amount is tied to payroll costs incurred by the business to determine the size of the loan and are capped at \$10 million.

- Entities in business from February 15, 2019 – June 30, 2019 are eligible to 2.5 times the average monthly payroll costs during that time period
- Entities not in business between February 15, 2019 – June 30, 2019 will calculate based on 2.5 times their average monthly payroll costs between January 1, 2020 and February 29, 2020.

*Reduction based on reduction of number of employees*



*Reduction based on reduction in sales*



# TAX RELIEF

## TAX DEADLINE EXTENSION

The Treasury and IRS have moved Tax Day from April 15, 2020 to July 15, 2020 for small businesses and individuals who need it. While taxpayers have an additional 90 days to file and make payments without interest or penalties, those who may receive tax refunds should file now to get money.

## EMPLOYEE RETENTION CREDIT

Employers facing full or partial closure orders or suffer economic hardship due to COVID-19 may be eligible for a refundable payroll tax credit. Employers that continue to pay employees that are furloughed may qualify for a 50% credit on up to \$10,000 of wages paid to those employees. This is not only to help businesses stay afloat but also to help workers keep their jobs, stay connected with their employer and ensure that furloughed workers have jobs to return to.

## DELAY OF PAYMENT OF EMPLOYER PAYROLL TAXES

To help cash strapped businesses, employers, and self-employed individuals will be able to delay their 2020 payroll tax payment over two years, with half of the amount required to be paid in 2021 and the remaining half in 2022. Employers are generally required to pay a 6.2% Social Security tax on employee wages, which is matched by employees. This provision will allow for an additional \$300 billion of cash flow for businesses. Those receiving a loan through the Paycheck Protection Program are not eligible for the deferral.

## SUPPORT FOR BUSINESSES SUFFERING LOSSES

Congress has relaxed limitations on a company's use of net operating losses. A net operating loss arising in a tax year beginning in 2018, 2019, or 2020 will be permitted to be carried back 5 years - ostensibly to a prior year in which that company had been profitable. This provides businesses access to immediate tax refunds. Additionally, this provision temporarily removes the taxable income limitation to allow a net operating loss to fully offset income.

## QUALIFIED IMPROVEMENT PROPERTY

Businesses may now immediately write off costs associated with improving facilities instead of having to depreciate those improvements over a 39-year life of the building. This will encourage businesses to continue to invest in property improvements as America recovers from COVID-19, and increase businesses' access to cash flow.

# PAID LEAVE

## WHO HAS TO PROVIDE PAID SICK LEAVE?

- FFCRA applies to most public and private employers with less than 500 full-time and part-time employees.
- Employers should include employees on leave, temporary employees who are jointly employed by you and another employer (regardless of whether the jointly-employed employees are maintained on only your or another employer's payroll); and day laborers supplied by a temporary agency (regardless of whether you are the temporary agency or the client firm if there is a continuing employment relationship)
- Independent contractors who are under the Fair Labor Standards Act are not considered employees for the purposes of counting the 500 employee threshold.
- Employers must provide paid sick leave to employees who have been employed for at least 30 days.

## HOW MUCH LEAVE MUST BE PROVIDED?

Employers are required to cover employees for the following:

1. Employee is subject to a Federal, State, or local quarantine or isolation order related to coronavirus;
  2. Employee has been advised by healthcare provider to self-quarantine
  3. Employee is experiencing symptoms of coronavirus;
  4. Employee is caring for an individual who is subject to an order described in (1) or has been advised as described in (2);
  5. Employee is caring for their child because the school is closed or childcare provider is unavailable due to coronavirus; or
  6. Employee is experiencing a similar condition specified by the Secretary of Health and Human Services
- Employers are required to pay employees their full wages, not to exceed \$511 per day and \$5,110 in the aggregate, for a use described in (1), (2), or (3) above
  - Employers are required to pay employees 2/3 of their wages, not to exceed \$200 per day and \$2,000 aggregate, for a use described in (4), (5), or (6)
  - Employers would receive a 100% refundable payroll tax credit on the wages required to be paid
  - The requirement to provide paid leave applies to all public sector employers and those private sector employers with less than 500 employees
  - Tax credit eligibility only applies to those private sector employers with less than 500 employees

# PAID LEAVE

## WHO HAS TO PROVIDE PAID FAMILY AND MEDICAL LEAVE?

- FFCRA applies to most public and private employers with less than 500 full-time and part-time employees.
- Employers should include employees on leave, temporary employees who are jointly employed by you and another employer (regardless of whether the jointly-employed employees are maintained on only your or another employer's payroll); and day laborers supplied by a temporary agency (regardless of whether you are the temporary agency or the client firm if there is a continuing employment relationship)
- Independent contractors who are under the Fair Labor Standards Act are not considered employees for the purposes of counting the 500 employee threshold
- A covered employer must provide paid family and medical leave to employees who have been employed for at least 30 days

## WHO HAS TO PROVIDE PAID FAMILY AND MEDICAL LEAVE?

Employers may be required to temporarily extend Family and Medical Leave Act (FMLA) benefits to employees who must stay home to care for a minor child whose school or care provider is unavailable due to COVID-19. If this situation applies to an employee, employers are required to provide ten weeks paid leave at two-thirds of their wages. However, payments are not to exceed \$200 per day and \$10,000 total for the 10 weeks.

- This leave would cover employees who are not working because the employee is caring for their child because the school is closed or childcare provider is unavailable due to a public health emergency
- The requirement to provide the paid leave applies to all employers with less than 500 employees
- Federal, state, and local governments are not eligible for the Credit

### EXCEPTIONS

Employers with less than 50 employees, whose business would be jeopardized by providing paid leave may be eligible for a waiver.

### WAIVERS

The Department of Labor will be provide details about the process soon

### REIMBURSEMENT

All qualifying wages paid under FFCRA, covered employers will receive a dollar-for-dollar reimbursement through tax credits.

# ADDITIONAL RELIEF

## COMMUNITY BANKS

Community banks looking to deploy additional capital to consumers and businesses will be able to take advantage of the temporary reduction in the Community Bank Leverage Ratio (CBLR) from 9% to 8%. Federal regulators will also be allowed to grant a reasonable grace period if any community bank falls below the eight percent threshold.

## TROUBLED DEBT RESTRUCTURING DISCLOSURES

Banks and credit unions trying to help mitigate the stress and impact of COVID-19 on borrowers by providing loan modifications, will no longer have to worry about triggering a Troubled Debt Restructuring (TDR) classification or disclosure. “Generally accepted accounting principles” (GAAP) requirements for TDR classifications on loans are temporarily suspended to incentivize and encourage financial institutions to exhaust all options to support consumers and businesses during this time.

## CURRENT EXPECTED CREDIT LOSSES STANDARD

In 2016, the Financial Accounting Standards Board (FASB) finalized a new accounting standard called the Current Expected Credit Losses (CECL). This new standard forces banks to recognize expected future losses immediately, requiring banks to hold more capital reserves, which therefore ties up capital and reduces the supply of available credit.

The CARES Act, however provides banks and credit unions with the option to decide to comply with the new accounting standard. Currently, smaller banks and credit unions are not required to comply with the new standard until 2023. This provision gives larger banks the option to free up trapped capital and will allow banks and credit unions to extend additional loans to consumers and businesses. This temporary waiver from CECL will expire when the pandemic ends, or by December 31, 2020, whichever comes first.

## DEBT GUARANTEE AUTHORITY

Due to the pandemic, many are worried about their financial security, including their deposits being held by financial institutions. Under the CARES Act, the Federal Deposit Insurance Corporation (FDIC) is authorized to temporarily guarantee noninterest bearing accounts of banks and credit unions without a maximum guarantee limit. Depositors will be reassured that their deposits are safe at any amount.

# BANK ASSISTANCE

Several Banks have established help lines to assist those impacted by COVID-19. If a bank is not listed below, reach-out to them to find out if they have any programs to assist those affected.

## BANK ASSISTANCE PROGRAMS

**Bank of America:** <https://about.bankofamerica.com/promo/assistance/latest-updates-from-bank-of-america-coronavirus>

**Capitol One:** <https://www.capitalone.com/coronavirus/>

**Chase:** <https://www.chase.com/digital/resources/coronavirus>

**CitiBank:** <https://online.citi.com/US/JRS/pands/detail.do?ID=covid19>

**Discover:** <https://www.discover.com/coronavirus/>

**Fifth Third Bank:** <https://www.53.com/content/fifth-third/en/alerts/-covid-support.html>

**PNC:** <https://www.pnc.com/en/customer-service/coronavirus-update.html>

**TCF Bank:** <https://www.tcfbank.com/about-tcf/covid19>

**US Bank:** <https://www.usbank.com/splash/covid-19.html>

**Wells Fargo:** <https://newsroom.wf.com/press-release/corporate-social-responsibility/wells-fargo-donates-625-million-aid-coronavirus>

## FEDERAL GUIDANCE

The Federal Deposit Insurance Corporation (FDIC) and the (National Credit Union Administration (NCUA) have also put out information for bankers and consumers.

**FDIC:** <https://www.fdic.gov/coronavirus/index.html>

**NCUA:** <https://www.ncua.gov/>

# CONTACTS

## FEDERAL CONTACTS

### **Small Business Administration Customer Service Center**

(800) 659-2955  
disastercustomerservice@sba.gov

### **Dallas/Fort Worth SBA Office**

(817)684-5500  
dfwdo.email@sba.gov

### **Internal Revenue Service**

(800)-829-4933  
7 a.m. to 7 p.m. EST

### **Department of Labor**

Live assistance is available Monday through Friday from 7:00 a.m. to 7:00 p.m. CT by calling, 1-866-4-USA-DOL (1-866-487-2365).

## STATE OF TEXAS CONTACTS

### **Texas Workforce Commission**

Customer service representative are available Monday through Friday, 8:00 a.m. to 6:00 p.m. CT by calling (866)-274-1722.

### **Texas Comptroller Office**

Customer service representatives are available Monday through Friday, 8:00 a.m. to 5:00 p.m. CT by calling (800)-252-8880.

### **Texas Department of State Health Services**

Customer service representatives are available Monday through Friday, 7:00 a.m. to 8:00 p.m. CT by calling dial 2-1-1, then choosing Option 6 for updates. If you experience difficulty calling, please email coronavirus@dshs.texas.gov.

## CONGRESSMAN VAN TAYLOR

Email me on my website at [VanTaylor.house.gov/contact](http://VanTaylor.house.gov/contact) 24 hours a day for assistance or call (972) 202-4150.

Visit [VanTaylor.house.gov/coronavirus](http://VanTaylor.house.gov/coronavirus) for additional resources.

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