



U.S. SENATOR
GARY PETERS

HOW THE COVID RELIEF & YEAR-END FUNDING BILL HELPS BUSINESSES

Small Business Support via the Paycheck Protection Program (PPP): The bill includes \$284 billion for the Paycheck Protection Program (PPP) and extends the PPP through March 31, 2021. Changes to PPP include:

- Provides a second PPP forgivable loan for the hardest-hit small businesses and non-profits with 300 or fewer employees and that can demonstrate a loss of 25% of gross receipts in any quarter during 2020 when compared to the same quarter in 2019;
- Creates a dedicated \$15 billion set-aside for lending through community financial institutions, including Community Development Financial Institutions and Minority Depository Institutions to increase access for minority-owned and other underserved small businesses and nonprofits;
- Creates set-asides for very small businesses with 10 or fewer employees and for small businesses located in distressed areas;
- Expands PPP eligibility for local newspapers and TV and radio broadcasters, housing cooperatives, and 501(c)(6) nonprofits, including tourism promotion organizations and local chambers of commerce;
- Allows for small businesses in the restaurant and hospitality industries to receive larger awards of 3.5 times average total monthly payroll, rather than 2.5 times;
- Adds PPE expenses, costs associated with outdoor dining, and supplier costs as eligible and forgivable expenses;
- Simplifies the forgiveness process for loans of \$150,000 and less;
- Repeals the requirement of deducting an EIDL Advance from the PPP forgiveness amount.

Work share: Provides full federal financing of state work share programs through March 14, 2021. Programs like [Michigan Work Share](#) allow employers to avoid layoffs during the downturn by connecting their employees who are working reduced hours with partial unemployment compensation, through March 14, 2021.

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Economic Injury Disaster Loans Grant Program: The bill includes \$20 billion for EIDL Advance grants. Small businesses and nonprofits in low-income communities are eligible to receive \$10,000 grants. Any small businesses and nonprofits in low-income communities that received an EIDL Advance previously are also eligible to receive an amount equal to the difference of what the entity already received and \$10,000.

Support for Minority-Owned Businesses: The bill provides \$12 billion in targeted emergency investments to Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs) to help low- and moderate-income and minority borrowers and communities who have been disproportionately impacted by the COVID-19 pandemic and resulting economic stress. This provision builds off legislation led by Senator Peters. The bill included in this relief package establishes emergency programs to revitalize and provide long-term financial products and service availability for, and provide investments in, low- and moderate-income and minority communities to better reach underserved businesses and nonprofits. Specifically, the bill includes \$9 billion for a new Emergency Capital Investment Program to provide low-cost, long-term capital investments to MDIs and CDFIs that are depository institutions and \$3 billion in emergency assistance provided to CDFIs through the CDFI Fund, of which \$1.2 billion will be targeted to “minority lending institutions,” a new category of CDFIs that predominantly serve minority communities.

Extension and Expansion of the Employee Retention Tax Credit (ERTC): The bill importantly extends and expands the refundable ERTC, which was established in the CARES Act. The extension of this tax credit, through July 1, 2021, will help keep additional U.S. workers on payroll and more small businesses and nonprofits across the country afloat. Specifically, this legislation, among other changes:

- Increases the credit rate, from 50% to 70% and raises the limit on per-employee creditable wages from \$10,000 for the year, to \$10,000 for each quarter;
- Expands eligibility for the credit by reducing the required year-over-year decline in gross receipts from 50% to 20%;
- Modifies the threshold for treatment as a ‘large employer’ by increasing the 100-employee delineation for determining the relevant qualified wage base to employers with 500 or fewer employees;
- Provides that employers who receive Paycheck Protection Program (PPP) loans may still qualify for the ERTC with respect to wages that are not paid for with forgiven loan proceeds; and

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- Allows employers with fewer than 500 employees the ability to receive an advance payment for a full quarter of wages upfront.

Extended SBA Debt Relief Payments: The bill provides \$3.5 billion to resume debt relief payments of principal and interest (P&I) on small business loans guaranteed by the SBA under the 7(a), 504 and microloan programs. All borrowers with qualifying loans approved by the SBA prior to the CARES Act will receive an additional three months of P&I, starting in February 2021. Going forward, those payments will be capped at \$9,000 per borrower per month. After the three-month period described above, borrowers considered to be underserved—namely the smallest or hardest-hit by the pandemic—will receive an additional five months of P&I payments, also capped at \$9,000 per borrower per month. SBA payments of P&I on the first 6 months of newly approved loans will resume for all loans approved between February 1 and September 30, 2021, also capped at \$9,000 per month.

Enhancements of SBA Lending Programs: The bill provides nearly \$2 billion to enhance SBA's core programs, including 7(a), Community Advantage, 504 and the Microloan program. It also provides \$57 million for the SBA Microloan Program to provide technical assistance and leverage about \$64 million in microloans for minority-owned and other underserved small businesses, with other improvements such as an extra two years for the borrower to repay their microloan.

Child care: Includes \$10 billion in emergency funds for the child care sector that can be used to provide child care assistance to families, and to help child care providers cover their increased operating costs during the pandemic. This emergency relief will help stabilize the child care market and allows states to expand child care assistance to essential workers and working families who are in great need of child care services.

Grants for Shuttered Venue Operators: The bill provides \$15 billion for SBA grants up to \$10 million to live venues, independent movie theaters, and cultural institutions to address the economic effects of the pandemic. Grants can be used to cover expenses such as payroll costs, rent, utilities, and personal protective equipment. Two priority periods are established to ensure the hardest hit entities have dedicated access to assistance for the first 28 days of the program, while a reserve fund is made available to ensure that entities that are ineligible for the priority periods are able to receive assistance following the two 14-day priority periods. A set-aside of \$2 billion is also reserved for entities with 50 or fewer employees. The program is authorized to make supplemental grants equal to 50 percent of the initial grant.



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Nutrition and Agriculture: The legislation includes direct payments, purchases and loans to farmers, including funds to support the food supply chain through food purchases, donations to food banks, and support for local food systems.

Support for Manufacturing: Includes Sen. Peters' *Helping Manufacturers Respond to COVID-19 Act of 2020*, which extends cost-sharing support for Manufacturing Extension Partnership (MEP) Centers to assist manufacturers during the pandemic. Manufacturing jobs were hit hardest during the pandemic—this will help small- and medium-sized manufacturers get access to assistance that will encourage rehiring.