



July 1, 2020

COVID-19 Resource Guide

Small Business



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●●● A NOTE FROM CONGRESSWOMAN SUZAN DELBENE ●●●

The COVID-19 pandemic is the largest public health and economic crisis our state and county have faced in a lifetime. Many people have lost their jobs, kids are out of school, and businesses have closed their doors. This situation requires bold action to provide relief to the most affected and provide a strong recovery.

I want you to know that I'm fighting for you in Congress. Since the beginning of this outbreak, my priorities at the federal level are protecting families, workers, and small businesses, and getting our health care system the resources it needs to save lives.

Congress has now passed three emergency bipartisan funding bills to address this pandemic and provide relief to our communities. This guide contains information about the resources available to small businesses impacted by the COVID-19 pandemic. This guide is meant to be reference tool and the information within is not exhaustive. Inside you will find a compilation of existing federal and state resources.

Because the situation is constantly evolving, check my website (delbene.house.gov) or call my office in Bothell at 425-485-0085 for additional assistance.

Please know that my staff and I are here to help. Stay safe and healthy.

Sincerely,

A handwritten signature in blue ink that reads "Suzan DelBene".

Suzan DelBene
U.S. Representative

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QUICK GUIDE

For an immediate, life-threatening emergency, call 911

For non-emergency assistance, call 211

Small Business Administration (SBA) Disaster Assistance Center:
1-800-659-2955; online at <http://www.sba.gov/content/disaster-assistance>

FEMA Region X (Alaska, Idaho, Oregon, and Washington):
425-487-4600; online at <https://www.fema.gov/region-x-ak-id-or-wa>

American Red Cross:
Disaster and Emergency Assistance: <https://www.redcross.org/get-help.html>

Washington State Emergency Management Division
800-562-6108, or (253) 512-7000; online at <https://mil.wa.gov/emd-contact-us>

Washington State Department of Revenue (DOR): WA DOR has established a web page with information for property owners and businesses impacted by natural disasters:
<http://dor.wa.gov/Content/GetAFormOrPublication/PublicationBySubject/TaxTopics/DisasterRelief.aspx>

For assistance please contact any of my offices, or visit my website at www.delbene.house.gov

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Ste 220
Bothell, WA 98021
(425) 485-0085

Mount Vernon Office:
204 W. Montgomery St.
Mount Vernon, WA 98273
(360) 416-7879

Washington, DC Office:
2330 Rayburn HOB
Washington, DC 20515
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PAYCHECK PROTECTION PROGRAM

The Coronavirus Aid, Relief, and Economic Security (CARES) Act included \$367 billion to create a Paycheck Protection Program (PPP) that will provide small businesses with zero-fee loans of up to \$10 million. On April 23, Congress passed the Paycheck Protection Program and Healthcare Enhancement Act that added \$310 billion to the PPP program. Out of the \$310 billion, \$60 billion is reserved for smaller financial institutions, including credit unions and minority-owned banks.

Under PPP, up to 8 weeks of average payroll and other costs will be forgiven if the business meets certain criteria. Principal and interest are deferred for up to a year and all borrower fees are waived. This temporary emergency assistance through the U.S. Small Business Administration (SBA) and the Department of Treasury can be used in coordination with other COVID-financing assistance established in the bill or any other existing SBA loan program.

Due to a recent legislative change, small businesses will have 24 weeks to use the loans (instead of 8 weeks under the original CARES Act) with the covered period ending December 31, 2020. A recent change also eliminates the CARES Act prohibition against a business obtaining a PPP loan while exercising CARES Act authority to defer 2020 payroll taxes.

FREQUENTLY ASKED QUESTIONS

Q: What types of businesses and entities are eligible for a PPP loan?

A: The following businesses and entities are eligible:

- Businesses and entities must have been in operation on February 15, 2020.
- Small business concerns, as well as any business concern, a 501(c)(3) nonprofit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees or fewer employees than established by the relevant industry code.
- Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals.
- Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a North American Industry Classification System code beginning with 72, for which the affiliation rules are waived. To understand SBA's affiliation rules, please [click here](#).

- Affiliation rules are also waived for any business concern operating as a franchise that is assigned a franchise identifier code by the Administration, and company that receives funding through a Small Business Investment Company.

Q: What kind of lender can I get a PPP loan from?

A: All current SBA 7(a) lenders are eligible for PPP, and you can apply for the PPP Loans directly through your local lending institution. You do not apply for these loans through the SBA.

The Treasury Department will also be in charge of authorizing new lenders. Information on the 7(a) program can be found on SBA's website.

For a list of PPP lenders in Washington state, please click [here](#).

Q: What programs in the CARES Act can help my small businesses?

A: The CARES Act established PPP that provides 100% federally guaranteed loans to employers who maintain their payroll during this emergency. This program is retroactive to February 15, 2020.

Q: How is the loan size determined?

A: Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. The maximum loan size is \$10 million

Q: What are the loan term, interest rate and fees?

A: This loan has an interest rate of 1% and has a five-year minimum repayment term for any non-forgivable portions of the PPP loans. Loan payments will be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

Q: What costs are eligible for payroll?

A: Compensation (salary, wage, commission, cash tips); payment for vacation, parental, family medical or sick leave; allowance for dismissal or separation; payment required for the provisions of group health care benefits including insurance premiums; payment of any retirement benefit; payment of state or local tax assessed on the compensation of employees.

Q: What are allowable uses of loan proceeds?

A: The follow are the allowable uses of the loans:

- Payroll costs (as noted above)
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
- Employee salaries, commissions, or similar compensations (see exclusions above)
- Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)
- Rent (including rent under a lease agreement)
- Utilities
- Interest on any other debt obligations that were incurred before the covered period

Q: How do I get forgiveness on my PPP loan?

A: In order to get forgiveness for our loan, the money must be used for payroll costs, interest on mortgages, rent and utilities. Additionally, at least 60% of the forgiven amount must have been used for payroll instead of the 75% in the original CARES Act.

Additionally, recent changes to the CARES Act will also give employers greater flexibility to have their PPP loan forgiven if they are unable to rehire laid off employees, which under current law must occur by June 30. Specifically, a loan could still be forgiven during the year if the business is unable to rehire a laid off employee who worked for the business on or before February 15, is unable to hire similarly qualified individuals for unfilled positions before December 31, or is unable to return to a pre-pandemic level of business activity due to compliance with federal social distancing, safety, or public health guidance related to the COVID-19 pandemic.

When applying through your lender for forgiveness on your loan you must include:

- Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings.
- Documentation verifying payments on covered mortgage obligations, lease obligations, and utilities.
- Certification from a representative of your business or organization that is authorized to certify that the documentation provided is true and that the amount that is being forgiven was used in accordance with the program's guidelines for use.

Q: Are non-profits eligible?

A: All 501(c)(3) non-profits with 500 employees or fewer, or more if SBA's size standards for the non-profit allows. Please visit <https://www.sba.gov/size-standards/> to find out your non-profit's SBA size standards by number of employees. For example, churches and museums with fewer than 500 employees are eligible. You will need the 6-digit North American Industry Classification Code for your business.

ECONOMIC INJURY DISASTER LOANS

Upon a request received from a state's or territory's Governor, SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.

SBA's Economic Injury Disaster Loans (EIDL) offer up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. The Paycheck Protection Program and Healthcare Enhancement Act added \$50 billion to the EIDL program and provides an addition \$2.1 billion

These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.

<https://www.sba.gov/disaster-assistance/coronavirus-covid-19>.

In addition to the CARES Act includes \$10 billion to provide an advance of \$1,000 per employee (\$10,000 maximum) for small businesses and nonprofits that apply for an SBA EIDL. Even if the applicant is subsequently denied for the loan, this advance grant will not need to be repaid. Eligible grant recipients must have been in operation on January 31, 2020. The grant is available to small businesses, private nonprofits, sole proprietors and independent contractors, tribal businesses, as well as cooperatives and employee-owned businesses. The Paycheck Protection Program and Healthcare Enhancement Act added another \$10 billion to this program.

Note: The Paycheck Protection Program and Healthcare Enhancement Act authorizes businesses with less than 500 employees that are engaged in farming and agricultural-related industries to receive both Economic Injury Disaster Loans and EIDL emergency advances

FREQUENTLY ASKED QUESTIONS

Q: What is the difference between loans and grants?

A: The majority of small business assistance in the first emergency supplemental bill for COVID-19 were small business loans offered by the Small Business Administration. Loans must be paid back and typically have an interest rate and grace period, which grants are direct cash infusions that can assist with economic uncertainty.

Q: Where do I apply for these loans?

A: You apply for an EIDL online [here](#) or they can also reach out to their local SBA District Offices.

Q: What's the timeline for processing my application?

A: Once a borrower submits an application, approval timelines depend on volume. Typical timeline for approval is 2-3 weeks and disbursement can take up to 5 days. Borrowers are assigned individual loan officers for servicing of the loan.

Q: If I get an EIDL and/or an Emergency Economic Injury Grant can I get a PPP loan?

A: Whether you've already received an EIDL unrelated to COVID-19 or you receive a COVID-19 related EIDL and/or Emergency Grant between January 31, 2020 and June 30, 2020, you may also apply for a PPP loan. If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program would be subtracted from the amount forgiven in the PPP.

Q: My private non-profit is not a 501(c)(3). Is it still eligible for an EIDL and a grant?

A: Yes, if you are a private non-profit with an effective ruling letter from the IRS, granting tax exemption under Sections 501(c), (d), or (e) of the Internal Revenue Code of 1954, 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 businesses under state law.

SMALL BUSINESS DEBT RELIEF PROGRAM

Under the CARES Act, this program will provide immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans. Under it, SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months. This relief will also be available to new borrowers who take out loans within six months of the President signing the bill into law.

FREQUENTLY ASKED QUESTIONS

Q: Which SBA loans are eligible for debt relief under this program?

A: 7(a) loans not made under the PPP, 504 loans, and microloans. Disaster loans are not eligible.

Q: How does debt relief under this program work with a PPP loan?

A: Borrowers may separately apply for and take out a PPP loan, but debt relief under this program will not apply to a PPP loan.

Q: Are private loans eligible for this debt relief program?

A: No. Only SBA loans are eligible for this program.

EMPLOYEE RETENTION TAX CREDIT

The Employee Retention Tax Credit (ERTC) is a proven tool that encourages employers to keep employees on payroll, allowing an additional 60 million American workers to maintain critical lifelines and remain connected to their jobs, paychecks, and benefits during the COVID-19 crisis. Of those workers who will benefit from the more robust employee retention tax credit, 40 million are employees of small and mid-sized businesses. Preventing layoffs and keeping employees tied to their employers has the added benefit of providing relief to states' overwhelmed unemployment programs. The Heroes Act also provides an additional lifeline to entrepreneurs and small and mid-sized businesses by helping them make rent and weather the effects of the pandemic on their income. Enhancements to the ERTC in the Heroes Act strengthen this tool and helps more Americans maintain their income *and* their ties to their employers throughout these difficult, uncertain times.

FREQUENTLY ASKED QUESTIONS

Q: How does the enhanced employee retention tax credit work?

A: The ERTC is a refundable payroll tax credit for wages paid by an employer whose business is either fully or partially suspended due to a COVID-19 related order or is experiencing at least a 10 percent decline in gross receipts compared to the same calendar quarter of the previous year. For businesses who have experienced a 50 percent or greater decline in gross receipts, the credit is 80 percent of wages paid up to the maximum.

Eligible employers with 1,500 or fewer full-time employees may claim the credit on all wages paid to their employees. All other eligible employers may claim the credit only for wages paid to employees who are furloughed or for the time the employees are not working.

Quickly and efficiently provides support:

Eligible employers receive immediate and certain relief without an application process and without being subject to a limited pool of funding. The credit is applied against quarterly payroll tax liability and is refundable, so employers can get the credit even if they have little tax liability. Employers can immediately reduce deposits from payroll taxes and income tax withholding and can file for an advance credit as soon as they incur expenses.

Q: How big is the enhanced employee retention tax credit?

A: The credit covers up to 80 percent of qualified wages paid by the employer – an annualized \$60,000 in wages or health care expenses per employee, providing the largest benefit to low- and middle-income worker.

Q: Does the enhanced credit help tipped employees?

A: Yes, it allows employers to pay employees additional amounts to make up for lost tips.

Q: What about furloughed workers?

A: The credit incentivizes employers to provide health insurance to furloughed workers because those expenses can be considered qualified wages for purposes of determining the credit.

Q: When is an employer eligible for the ERTC?

A: Eligibility starts at 10 percent revenue loss and phases in so that the credit reaches its max for businesses that have experienced a revenue decline of 50 percent or more. Additionally, a business that is subject to a closure order is automatically eligible for the credit during the time period of the order.

Q: Can struggling state and local governments claim the enhanced credit?

A: Yes, state and local governments can claim the credit in the event they are paying wages to employees while their operations are fully or partially shut down.

Q: Are employers who receive a PPP loan eligible?

A: Yes, employers who receive a PPP loan can also claim the enhanced ERTC. However, employers cannot “double dip” and receive PPP forgiveness on payroll costs on which they have already claimed the ERTC.

Q: How many employers and employees does the enhanced ERTC reach?

A: According to estimates provided by the Joint Committee on Taxation, the ERTC reaches 60 million employees and over 6 million businesses. Over two-thirds of the employees work for businesses with under 1,500 full time equivalent employees, and almost 90 percent of the credit dollars go to these small and mid-size businesses.

Q: Are there other tax credits in the Heroes Act that will help employers afford to keep employees on payroll?

A: Yes. The legislation provides a corresponding credit for rent, utilities, and mortgage costs. Using the same, proven mechanism as the ERTC, the fixed expenses credit provides a 50 percent credit on up to \$50,000 in rent, utility, and mortgage costs per quarter. The expenses that can be claimed are limited to 25 percent of payroll costs, or 6.25 percent (annualized 25 percent) of last year's gross receipts.

Eligible employers are those with 1,500 employees or fewer, or employers with \$41.5 million or less in gross receipts. This credit is meant to provide liquidity for small and mid-size businesses who struggle most with meeting these expenses, and who may not have a large employee base on which to claim the ERTC.

Like the ERTC, which has already been implemented by the IRS, this credit is taken by employers against payroll taxes and is advanceable.

Q: Is there a similar credit in the Heroes Act for self-employed individuals?

A: Yes. Gig economy workers and other self-employed individuals are often left behind in proposals that only focus on payroll, though they are a critical part of our economy.

To fill this policy gap, the legislation includes a refundable income tax credit for self-employed individuals who have seen a hit to their income. They are able to receive a credit for up to 90 percent of the lost gross income from self-employment compared to 2019, multiplied by the share of such income that were net earnings to them in 2019. The credit is phased out for individuals who do not have a corresponding drop in overall adjusted gross income compared to 2019 and for individuals making above \$60,000 (joint filers above \$120,000).

GUIDANCE FOR EMPLOYERS

As a small business owner, we realize you may have some questions about your responsibilities to your employees. As provided by the Families First Coronavirus Response Act, the Department of Labor will be issuing implementing regulations and will provide compliance assistance to employers and employees on their rights and responsibilities under this legislation. “Paid sick leave” – means paid leave under the Emergency Paid Sick Leave Act. “Expanded family and medical leave” – means paid leave under the Emergency Family and Medical Leave Expansion Act.

FREQUENTLY ASKED QUESTIONS

Q: Should I instruct my employees to file for unemployment insurance?

A: The state’s new emergency rules should make it easier for you to file a claim for unemployment benefits.

Go to the Employment security department's website: esd.wa.gov. It's constantly being updated with information for workers and businesses about the benefit process.

Unemployment benefits are paid on a weekly cycle, so if you can’t file a claim today, you have until the end of week to do it. The state’s website explains the entire process.

<https://komonews.com/sponsored/wafd/financial-focus-tips/washington-makes-it-easier-to-file-an-unemployment-claim>

Q: As an employer, how do I know if my business is under the 500-employee threshold and therefore must provide paid sick leave or expanded family and medical leave?

A: You have fewer than 500 employees if, at the time your employee’s leave is to be taken, you employ fewer than 500 full-time and part-time employees within the United States, which includes any State of the United States, the District of Columbia, or any Territory or possession of the United States. In making this determination, you 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). Workers who are independent contractors

under the Fair Labor Standards Act (FLSA), rather than employees, are not considered employees for purposes of the 500-employee threshold.

Typically, a corporation (including its separate establishments or divisions) is considered to be a single employer and its employees must each be counted towards the 500-employee threshold. Where a corporation has an ownership interest in another corporation, the two corporations are separate employers unless they are joint employers under the FLSA with respect to certain employees. If two entities are found to be joint employers, all of their common employees must be counted in determining whether paid sick leave must be provided under the Emergency Paid Sick Leave Act and expanded family and medical leave must be provided under the Emergency Family and Medical Leave Expansion Act.

In general, two or more entities are separate employers unless they meet the integrated employer test under the Family and Medical Leave Act of 1993 (FMLA). If two entities are an integrated employer under the FMLA, then employees of all entities making up the integrated employer will be counted in determining employer coverage for purposes of expanded family and medical leave under the Emergency Family and Medical Leave Expansion Act.

Q: If I am a private sector employer and have 500 or more employees, do the Acts apply to me?

A: No. Private sector employers are only required to comply with the Acts if they have fewer than 500 employees.

Q: If providing child care-related paid sick leave and expanded family and medical leave at my business with fewer than 50 employees would jeopardize the viability of my business as a going concern, how do I take advantage of the small business exemption?

A: To elect this small business exemption, you should document why your business with fewer than 50 employees meets the criteria set forth by the Department, which will be addressed in more detail in forthcoming regulations. You should not send any materials to the Department of Labor when seeking a small business exemption for paid sick leave and expanded family and medical leave.

<https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>

COUNSELING & TRAINING

If you need a business counselor to help guide you through the process of applying for loans or grants, you can turn to your local Small Business Development Center (SBDC), Women’s Business Center (WBC), or SCORE mentorship chapter. These resource partners, and the associations that represent them, will receive additional funds to expand their reach and better support small business owners with counseling and up-to-date information regarding COVID-19.

In addition, the Minority Business Development Agency’s Business Centers (MBDCs), which cater to minority business enterprises of all sizes, will also receive funding to hire staff and provide programming to help their clients respond to COVID-19. Not every state has a MBDC. To find out if there is one that services your area, visit [this site](#).

FREQUENTLY ASKED QUESTIONS

Q: Do I have to pay for counseling and training through these resource centers?

A: Counseling is free and training is low cost.

Q: What is an SBDC?

A: SBDCs are a national network of nearly 1,000 centers that are located at leading universities, colleges, state economic development agencies and private partners. They provide counseling and training to new and existing businesses. Each state has a lead center that coordinates services specifically for that state, which you can find by clicking the link above. To find out more about SBDCs, visit <https://americassbdc.org/about-us/>

Q: What is a WBC? Is it only for women?

A: WBCs are a national network of more than 100 centers that offer one-on-one counseling, training, networking, workshops, technical assistance and mentoring to entrepreneurs on numerous business development topics. In addition to women, WBCs are mandated to serve the needs of underserved entrepreneurs, including low-income entrepreneurs. They often offer flexible hours to meet the needs of their diverse clientele. To find out more about WBCs, visit <https://www.awbc.org/>

Q: Who do MBDCs serve?

A: MBDCs are a good option for minority-owned businesses (including those owned by Black, Hispanic, Asian American/Pacific Islander, and

American Indian business owners), especially those seeking to penetrate new markets — domestic & global — and grow in size and scale.

