April 28, 2020

COVID-19 Resource Guide

Small Business

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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,

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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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 retains its employees and their salary levels. 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.

Small Businesses will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. The program is retroactive to February 15, 2020 in order to help bring workers who may have already been laid off back onto payrolls.

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 and loans are available through June 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 a maturity of 2 years and an interest rate of 1%. 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 75% of the forgiven amount must have been used for payroll. Your loan forgiveness will be reduced if you decrease your full-time employee headcount and/or decrease salaries and wages by more than 25% for any employee that made less than $100,000 annualized in 2019.

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](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.
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.

Below are some frequently asked questions.

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](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.