

Consolidated Appropriations Act, 2021

How does this Act change the Paycheck Protection Program Loan established in the CARES Act?

- Reopened the PPP Loan Program the deadline for requesting a loan is March 31, 2021.
- Clarified that the forgiven portion of the PPP Loan is not taxable income to the borrower and the expenses used to qualify for the forgiveness are deductible business expenses.
- Expanded the list of expenses that PPP funds can be used for that qualify for loan forgiveness to include:
 - Operation expenses such as business software, cloud computing, Human Resources and Accounting needs that facilitate business operations.
 - Supplier costs defined as payments to a supplier for goods that are essential to the operations of the borrower pursuant to a contract or purchase order in effect before the PPP loan is disbursed or with respect to perishable goods, in effect at any time.
 - Worker protection expenses defined as operating or capital expenditures to comply with public health guidance related to COVID-19.
 - Covered property damage costs defined as costs related to property damage or looting due to public disturbances in 2020 that are not covered by insurance or other compensation.
- Clarified that other employer-provided group insurance benefits are included in payroll costs for both calculating your maximum loan amount and your forgiveness.
- Allows borrowers whose loan calculations would have been higher under these new rules to work with lenders to modify their loan amounts regardless of whether the loan has been fully disbursed, or whether SBA form 1502 already has been submitted.
- Eliminated the requirement that you had to reduce your PPP loan forgiveness by the amount you received as an Emergency Economic Injury Grant.
- Expanded the forgiveness period for the PPP loan to begin on the date of loan origination and end on a date of your choosing that is between 8 and 24 weeks after origination.
- Simplified process for loan forgiveness if your loan is less than \$150,000, now will only require a certification which provides a description of the number of employees the borrower was able to retain because of the PPP loan and the estimated amount of the loan spent on payroll costs.
- Allows borrowers that returned all or part of their PPP loan to reapply for the maximum amount applicable on loans where forgiveness has not been paid.
- Updated the maximum loan calculation for farmers and ranchers and allows lenders to recalculate loans that have been previously approved to these entities if they would result in a larger PPP loan.
- 501 (c) (6), local news media organizations and housing cooperatives who employ no more than 300 employees are now eligible for a loan.
- Eliminated the prohibition of having a PPP loan and participating in the Employee Retention Tax Credit program. You may now participate in both.
- Clarified that publicly traded companies are now prohibited from receiving a loan.
- Reduced the maximum loan amount to \$2 million.
- Seasonal employers have greater flexibility in picking the 12-week period between February 15, 2019 and February 15, 2020 used to determine your payroll costs and thus your maximum loan amount.
- Clarified that if you were not in business on February 15, 2020 you are not eligible for a PPP loan.
- Emphasized that none of the proceeds from a PPP loan may be used for lobbying activities.

How does this Act change the Economic Injury Disaster Loan (EIDL) Program established in the CARES Act?

- The EIDL program is reopened and accepting applications until December 31, 2021 (or the money is exhausted).
- Anyone who applies for a EIDL loan is entitled to receive a \$10,000 Emergency Economic Injury Grant, without regard to whether the loan was approved or not, or accepted or not.
- Emergency Economic Injury Grants are not taxable income to the borrower and the expenses that you paid for with the grant are deductible as ordinary business expenses.
- Priority for the grants will be given to small businesses with less than 300 employees, located in low-income neighborhoods, who have experienced a 30% reduction in gross receipts during any 8-week period between March 2, and December 31, 2020 compared to a comparable 8-week period before March 2.
- If you received an Emergency Economic Injury Grant previously but did not receive the full \$10,000 you should receive the difference between what you received and the \$10,000. SBA is required to notify each entity that is eligible for the difference.

How does this Act change the debt relief provided by SBA to their borrowers established in the CARES Act?

- Clarified that the payments made by SBA are not taxable income to the borrower.
- Clarified that the borrower may deduct the interest portion of the payments made by SBA as a business deduction on their tax returns.
- Borrowers with a SBA Microloan or 7 (a) Community Advantage loans will receive an additional 5 months of payments beginning in February of 2021 (capped at \$9,000 per borrower per month).
- Borrowers with any 7 (a) or 504 loan in hard hit sectors: educational services; arts, entertainment and recreation, food service and accommodation; support activities for mining, and oil and gas extraction, apparel manufacturing; clothing and clothing accessories stores; sporting goods, hobby, book and music stores; air transportation, transit and ground passenger transportation; scenic and sightseeing transportation, publishing industries; motion picture and sound recording; broadcasting; rental and leasing services; and personal and laundry services will receive an additional 5 months of payments beginning in February of 2021 (capped at \$9,000 per borrower per month).
- All other borrowers with loans approved by SBA prior to the CARES Act will receive an additional 3 months of payments beginning in February of 2021 (capped at \$9,000 per borrower per month).
- New SBA loans made or approved between December 22, 2020 and September 30, 2021 will receive six months of government payments of principal and interest, capped at \$9,000 per month.
- Clarified that any business or applicant may only receive payments for one loan approved after CARES Act enactment.

How does this Act change the Employee Retention Tax Credit Program established in the CARES Act?

- Expanded the credit to 70% on \$10,000 in wages per quarter between January 1, 2021 and June 30, 2021.
- Increased the maximum credit allowed per employee to \$14,000 through June 30, 2021.
- Expanded which employers can participate. Now employers who experienced a decline of more than 20% in gross receipts in a quarter compared to the same quarter in 2019 may participate.
- Employers with 500 or fewer employees can claim the credit irrespective of whether the employee is providing services.
- Employers can now also receive both the Employee Retention Tax credit and a PPP loan, just not for the same payroll expenses.

What else did it change in the CARES Act?

- Extended the moratorium on evictions thru January 31, 2021 for properties that have a federally backed mortgage loan.
- Clarified that Emergency Financial Aid grants received by college students are not taxable income to the student.
- Elementary and Secondary School Teachers can deduct the cost of personal protective equipment, disinfectant, and other supplies used for the prevention of the spread of COVID-19 in their classrooms.

How does this Act change the Families First Act?

- Updated the Families First Act to extend the date that the paid sick leave and expanded FMLA leave may be used from December 31, 2020 to March 31, 2021.
- Self-employed individuals may now use prior year net earnings from self-employment in determining average daily self-employment income for purposes of credits for paid sick and family leave.

What new initiatives are included in the Consolidated Appropriations Act, 2021?

- **Established the Second Draw PPP**
- **Established a new SBA Grant Program for Shuttered Venue Operators**
- **Established a new Emergency Rental Assistance Program**

How do I qualify for a Second Draw PPP?

You are eligible for a Second Draw PPP Loan if:

1. You have less than 300 employees per physical location.
2. And, you previously received a PPP loan.
3. AND, you have used your previous PPP loan for the authorized purposes or will use it before the expected date on which the Second Draw PPP Loan is disbursed.
4. AND, you have experienced a greater than 25% reduction in gross receipts during the first, second, third, or fourth quarter in 2020 relative to the same quarter in 2019.

Note: Entities with significant ties to China are ineligible for a second draw.

The Act also changed the rules for the original PPP which, for some borrowers, will allow them to increase the amount of their first PPP or “redraw” if they have paid back some of the original loan. If you increase the amount or redraw your original PPP you MUST also have used these funds or will use them before the expected date on which the Second Draw PPP Loan is disbursed, to qualify for a Second Draw PPP.

My business is closed because of COVID can I apply for a Second Draw PPP?

Yes, as long as you have only temporarily closed or temporarily suspended business. If you have permanently closed you are not eligible.

How much can I get?

The maximum loan amount is equal to the lesser of 2 ½ months of your average monthly payroll cost or \$2 million. To determine your average monthly payroll cost you may either use calendar year 2019 or calendar year 2020.

If your business is assigned a NAICS code beginning with 72 (hospitality industry) your maximum loan amount is equal to 3 ½ months of your average monthly payroll cost or \$2 million.

If you are a Farmer or Rancher you will use the same formula you use for your First Draw PPP Loans, as updated by the Economic Aid Act.

Is any of the Second Draw PPP eligible for forgiveness?

Yes, Second Draw PPP Loans are eligible for the loan forgiveness on the same terms and conditions as the original PPP loans.

How long do I have to request a Second Draw PPP?

The deadline for requesting a Second Draw PPP is March 31, 2021.

What is the Shuttered Venue Grant program?

The program will provide aid to struggling live venue operators and related businesses.

To be eligible for a grant under the Shuttered Venue Grant program an entity or an individual must be a:

- live venue operator or promoter, theatrical producer or live performing arts organization operator
- motion picture theatre operator
- relevant museums operator
- talent representatives

Eligible businesses must have been fully operational as of February 29, 2020.

You must have a reduction of at least 25% in gross earned revenue during (at least) one quarter of 2020 as compared to the corresponding quarter of 2019.

As of the date of receiving a grant:

- Live venue operators, promoters, theatrical producers or live performing arts organization operators must have resumed or intend to resume organizing, promoting, managing or hosting future live event.
- Motion picture theatre operators must have reopened or intend to reopen for the primary purpose of publicly showing motion pictures
- Relevant museum operators must be open or intend to reopen
- Talen representatives must be representing or managing artists and entertainers.

If you are a live venue operator, promoter, theatrical producer or live performing arts organization operator you must satisfy the following venue requirements:

- Have a defined performance and audience space, missing equipment, a public address system and a lighting rig.
- Employ at least one individual to do at least two of the following activities:
 - Sound engineer
 - Booker
 - Promoter
 - Stage manager

- Security personnel
- Box office manager
- Have paid tickets or cover charges to attend most performances.
- Pay artists “fairly” – artist do not play solely for free or for tips
- Market performances in print, online, mass media or on social media
- For nonprofit venues that produce free events, produce events managed primarily by paid employees and not volunteers.

If you are a motion picture theatre operator, you must satisfy the following venue requirements:

- Have at least one auditorium that includes a movie screen and fixed audience seating
- Have a projection booth (or other space) with at least one projector
- Have paid ticketing
- Market movies in print, online, mass media or on social media.

If you are a relevant museum operator your museum must have:

- Been serving as a relevant museum as its principal business activity
- Indoor exhibition space that is a component of the principal business activity and which has been subject to pandemic-related occupancy restrictions
- At least one auditorium, theatre, performance or lecture hall with fixed audience seating and regular programming.

You will be required to make a certification that the grant is necessary to support ongoing operations.

Grants are equal to the lesser of \$10 million or 45% of gross earned revenue in 2019. They must be used for specified expenses such as payroll costs, rent, utilities, and personal protective equipment.

If you receive a grant you are not eligible for the PPP program.

The grants are not taxable income and the expenses used to qualify for the grant are deductible on your tax return.

What is the Emergency Rental Assistance Program?

Households are eligible for rental assistance if:

- Household income is below 80% of the area median income
- One or more members of the household has qualified for unemployment benefits, or has experienced a reduction in household income, incurred significant costs, or experienced a financial hardship due to COVID-19
- Demonstrates a risk of experiencing homelessness or housing instability

Uses of the Assistance include:

- Past-due rent
- Future rent payments
- Utility and energy bills to prevent shutoffs

Eligible households may receive up to 12 months of assistance, plus an additional 3 months if the extra months are needed to ensure housing stability and funds are available.

Landlords may assist a renter in applying for assistance or they may apply for such assistance on behalf of their renters. In general, funds will be paid directly to landlords and utility payments directly to service providers.

About us:

Communities Unlimited, Inc. is a 501(c)3 nonprofit corporation founded in 1976 that ignites hope by bridging racial, economical, and geographical boundaries in Southern communities emerging from generations of persistent poverty to build healthy businesses, healthy communities, healthy food systems, healthy bank accounts and healthy lives.

We serve seven states in the southern United States, an area where the majority of communities are rural, there is a high minority population, high poverty and food insecurity.

Communities Unlimited also is the southern partner of the national RCAP organization, together serving rural community infrastructure and facility needs.

As a Community Development Financial Institution (CDFI), we are able to leverage capital to meet needs in combination with one-on-one technical assistance. CU has made over \$45 million in loans to small rural communities and small businesses in 24 states.