**Enacted & Proposed Legislation**

**Families First Coronavirus Response Act**

The first piece is related to the Families First Coronavirus Response Act.  It effectively provides a refundable payroll tax credit for employers who provide 10 days of additional paid sick leave to employees, and an additional 30 days under the Family Medical Leave Act (currently 8 weeks under law, temporarily expanded to 12).  This is an incentive to keep employees on “paid leave” due to hardship caused by COVID-19 and in some cases, the tax credits available may actually amount to more than the costs incurred for an employee.  Obviously, the alternatives are laying off employee and allowing them to draw unemployment, or, continuing to stay open in a remote capacity at current pay. This is required for employers under 500 employees.  Employers under 50 can opt out for economic hardship reasons.  Effective date is April 2nd through December 31.  Reference chart also attached above (CoronaVirusAidChart).

<https://www.sikich.com/insight/families-first-coronavirus-response-act/>

**Proposed Legislation**

The 2nd link covers proposed tax law changes as well as a new SBA program for Small Business Interruption Loans (SBILs).  Again – proposed.  The tax law changes are significant.  From a cash flow perspective, the government is proposing relief to allow for businesses to defer payment of 2020 payroll taxes until 2021 and 2022.  The SBIL program will finance one month of operating expenses for businesses under 500 employees (to be defined).  Max loan is $10mm and SBA fees are waived.  The Express Loan limit will be increased to $1mm under this program.  The Express Loan is supposed to happen within 30-60 days although we know that the SBA is backlogged right now.  Interesting provision here is that eligible borrowers get loan forgiveness for wages paid during the 4 month period March 1, - June 30, 2020.  The loan forgiveness is not taxable.  So another incentive to keep workers on the payroll in the short term.  There are some limits, however, which are outlined in the article.  We will wait for the final version of this bill but we expect many of the loan provisions will be very similar to what we have here, if not enhanced.

<https://www.sikich.com/insight/tax-alert-congress-response-to-coronavirus-cares-phase-3-economic-package-unveiled/>

**SBA Disaster Loans**

An existing program, now applicable to areas of the country impacted by COVID-19, is the SBA Disaster Loan program. If a business suffers economic loss or injury, they are eligible.   What is happening with COVID-19 is certainly causing economic injury.   This is a DIRECT loan – apply direct with SBA – banks not involved.  (2 attachments above on this).  Landlords are eligible, which is an usual benefit.  Loans can be up to $2mm and borrowers get an automatic 4 month deferral to start payments. Borrowers can use the funds to refinance existing debt, for working capital, etc. The loan is at a 2.75-3.75% rate, fixed, with up to 30 years to repay.  Due to the volume of online loans, recommend applying at off hours.

**Other Resources**

Another option to consider is business interruption insurance, however, the incentives (those currently in effect and proposed) are to keep workers on and the business running, so BII may not be the best option.  Enhanced unemployment insurance is expected to be part of the final bill being debated out of Congress so we will see what that looks like.

The programs discussed above will likely require current and accurate financial statements to apply, including forward-looking cash flow analysis, 6 – 12 months.