Support for Business

The Coronavirus Aid, Relief, and Economic Security Act (CARES) includes a number of provisions to help business stay afloat as the country responds to COVID-19. This includes almost $350 billion for a federal small business loan program as part of the overall $2 trillion relief package. The program is aimed at removing red tape from the existing loan programs and incentivize business owners to keep employees on payroll. Below several of the provisions around small business relief are outlined.

- The Treasury Department has been authorized to distribute $500 billion in loans to struggling industries and even cities and states. Rules added to the bill will order an inspector general and accountability committee to oversee how the money is spent.
- Small businesses (companies with 500 or fewer employees) are potentially eligible for emergency grants and a forgivable loan program.
  - Emergency grants: The bill provides $10 billion for grants of up to $10,000 to provide emergency funds for small businesses to cover immediate operating costs.
  - Forgivable loans: There is $350 billion allocated for the Small Business Administration to provide loans of up to $10 million per business. Any portion of that loan used to maintain payroll, keep workers on the books or pay for rent, mortgage and existing debt could be forgiven, provided workers stay employed through the end of June.
  - Relief for existing loans: There is $17 billion to cover six months of payments for small businesses already using SBA loans.
  - The primary point of contact for information on federal loan programs is the U.S. Small Business Administration or an SBA-qualified financial institution. Small-business owners can access the new federal Paycheck Protection Program here.
  - SBA can be reached by email at answerdesk@sba.gov or by phone at 1-800-827-5722. The agency has reported receiving “unprecedented” interest in its loan program in recent weeks but is working to set up new call centers to handle the flood of new inquiries.
  - To learn about the SBA’s other relief programs and apply for loans now, visit the SBA’s COVID-19 Resource Center.
- Businesses may get a tax credit refundable against payroll tax for keeping idled workers on their payrolls during the coronavirus pandemic, so long as the businesses meet certain criteria. They would get a refund for half of what they spend on wages, up to $5,000 per worker. To qualify, businesses have to prove they took a 50% loss in gross receipts compared to the same quarter in years past. And to keep companies from double-dipping on aid under the bill, employers won’t be able to get special SBA loans if they opt for the tax credit.
- Allow employers to delay the payment of their 2020 payroll taxes until 2021 and 2022, leading to approximately $300 billion of extra cash flow for businesses
- Allow businesses to carry back losses from 2018, 2019, and 2020 to the previous 5 years, which will allow businesses access to immediate tax refunds
Health care providers primarily hospitals will secure $100 billion in grants to help fight the coronavirus and make up for revenue lost by delaying elective surgeries and other procedures to focus on the outbreak. They would also get a 20 percent bump in Medicare payments for treating patients with the virus.

All U.S. residents with adjusted gross income up to $75,000 ($150,000 for married couples) will get a $1,200 ($2,400 for couples) “rebate” payment. They are also eligible for an additional $500 per child. The payments will phase out for earners above those income thresholds and will not go to single filers earning more than $99,000; head-of-household filers with one child, more than $146,500; and more than $198,000 for joint filers with no children.

People who are unemployed would get an extra $600 per week for up to four months, on top of state unemployment benefits to make up for 100 percent of lost wages.

$10.5 billion for the Department of Defense
  o $3.8 billion allocated for the Defense Health Program and $415 million of that for research and development of vaccines and anti-viral pharmaceuticals.
  o $1 billion toward purchases under the Defense Production Act.
  o $1.5 billion to expand military hospitals and triple the available beds at military facilities

$339.8 billion for programs that will go to state and local governments. It is divided up to put $274 billion toward specific COVID-19 response efforts, including $150 billion in direct aid for those state and local governments running out of funds due to high numbers of cases.