

Covid-19 Small Business and Employer Guide



Office of Congresswoman Kim Schrier, M.D.
Washington's 8th Congressional District

Updated January 28, 2020



<https://schrier.house.gov/>

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A Message from Congresswoman Kim Schrier

Dear Friend,

The Covid-19 pandemic has been stressful for all Americans, and small businesses have faced unique challenges in the last year. In this Resource Guide I have compiled information for business owners in need of assistance or guidance. Please note that this is a general resource guide and the information within is not exhaustive. This guide is a compilation of existing federal, state, and county resources and is not intended to be the sole resource for those impacted by the COVID-19 outbreak. Because the situation is evolving, please check my website, <https://schrier.house.gov/coronavirus-outbreak> or call my office in Issaquah at 425-657-1001 for additional assistance.

Small businesses have been working incredibly hard in the last year to support employees, educate customers about safety practices, and continue providing excellent service. As we transition to reopen business, please refer to state and local health standards. My staff will keep this resource guide updated as we get more information.

Together, we can move past this pandemic. Please join me in wearing a mask, maintaining 6-foot distance from others, practicing good hygiene, and getting your Covid-19 vaccine as soon as you are able.

You can call my Issaquah office at 425-657-1001 if you have issues with a federal agency and need additional assistance. My staff and I are here to help.

Sincerely,

Kim Schrier, M.D.
U.S. Representative, WA-08



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Resources for Reopening

Washington State Reopening Guidance

- [Healthy Washington - Roadmap to Recovery](#)
- [Reopening Guidance for Businesses and Workers](#)

General Health and Safety Guidance

- **Centers for Disease Control and Prevention (CDC)**
The CDC’s updated guidance on health and safety for businesses and community organizations.
<https://www.cdc.gov/coronavirus/2019-ncov/community/organizations/businesses-employers.html>
- **Washington State Local Health Departments**
The Washington State Department of Health offers safety guidance specific to local health jurisdictions.
<https://www.doh.wa.gov/AboutUs/PublicHealthSystem/LocalHealthJurisdictions>
- **Washington State Department of Health Resources**
The Washington State Department’s resources and recommendations for COVID-19, including guidance for businesses and workers.
<https://www.doh.wa.gov/Emergencies/NovelCoronavirusOutbreak2020COVID19/ResourcesandRecommendations>
- **Washington State Department of Labor and Industries**



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The Washington State Department of Labor and Industry offers insight on business compliance and best practices during the pandemic.

<https://lni.wa.gov/agency/outreach/novel-coronavirus-outbreak-covid-19-resources>

- **Small Business Guidance for Washington State**

Frequently asked topics relating to business workers and COVID-19 in Washington State.

https://www.business.wa.gov/site/alias_business/1561/COVID-19-Business-Resources.aspx

Federal Business Resources

- **Small Business Guidance and Loan Resources, U.S. Small Business Administration**

The Small Business Administration's (SBA) loan resources and guidance for small businesses.

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

- **Guidance for Preparing Workplaces, Department of Labor and Occupational Safety and Health Act (OSHA)**

The Department of Labor's recommendations on health standards and safety for workplaces amidst COVID-19.

<https://www.osha.gov/Publications/OSHA3990.pdf>

Industry-Specific Guidance

- **Association for Washington Business (AWB)**

The AWB offers specific COVID-19 Resources for business employers.

<https://www.awb.org/covid-19-resources/>

- **Washington Hospitality Association**

The WA Hospitality Association offers COVID-19 Resources specifically relating to hospitality.

<https://hub.wahospitality.org/coronavirus-resource/>

- **Washington Retail Association**

The WA Retail Association offers COVID-19 Resources specifically relating to retail.

<https://washingtonretail.org/initiatives/covid-19-coronavirus/>

- **FAQs**

Washington State has released specific responses to FAQs relating to businesses and the Roadmap to Recovery.

<https://coronavirus.wa.gov/information-for/business/frequently-asked-questions-business>



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Federal Relief Packages

The CARES Act was enacted on March 27, 2020 to provide immediate emergency relief to small businesses that are facing economic disruptions due to the Coronavirus (COVID-19). The Act created a forgivable loan program and an emergency grant program for small businesses and eligible nonprofits.

Coronavirus Preparedness and Response Supplemental Appropriations Act (“Supplemental Appropriations Act”) was enacted on December 28, 2020. This package reformed and funded several small business support programs, including the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL). This bill also provided additional targeted relief to particularly hard-hit industries and communities.

Paycheck Protection Program (PPP)

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>

The Paycheck Protection Program (PPP) provides federally guaranteed, low-interest, forgivable loans to support small businesses and their employees by emphasizing keeping employees on payroll. Importantly, the loans can be forgiven if borrowers rehire and retain employees within the 8-24 week period following receipt of the loan. This round of PPP will close March 31, 2021.

The PPP loan will be fully forgiven if the funds are used for eligible expenses (see list below) with at least 60% of the forgiven amount used for payroll. Loan payments will be deferred automatically for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees to apply.

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. For more details on the requirements and process for loan forgiveness, please visit the SBA’s [loan forgiveness summary](#).

Some businesses may now be eligible for a **second draw PPP loan** of up to \$2 million.

Who is eligible for a PPP loan:

- Any small business that meets SBA’s size standards (either the industry based sized standard or the alternative size standard)
- Any business, 501(c)(3) nonprofit organization, 501(c)6 organizations including tourism and chambers of commerce, destination marketing organizations, 501(c)(19) veterans organization, or Tribal business concern (sec. 31(b)(2)(C) of the Small Business Act) with the greater of:
 - 500 employees, or
 - That meets the SBA industry size standard if more than 500



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- Any business with a NAICS Code that begins with 72 (Accommodations and Food Services) that has more than one physical location and employs less than 500 per location
- Sole proprietors, independent contractors, and self-employed persons
- News organizations with less than 500 employees

Who is eligible for a second draw PPP loan:

- Businesses who have already received a first PPP and have used it, or will use it
- Businesses and nonprofits with less than 300 employees and greater than 25% revenue loss

Apply: Contact your existing lender, or search for a participating lender [here](#).

Frequently Asked Questions

Q: How is forgiveness of the PPP loan determined?

A: Forgiveness on a covered loan is equal to the sum of payroll costs incurred during the covered period compared to the previous year or time period, proportionate to maintaining employees and wages (excluding compensation over \$100,000). Additional details here: [loan forgiveness summary](#).

Q: What are eligible costs for loan forgiveness?

A: Eligible costs include:

- Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent)
- 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
- Mortgage interest payments (but not principal)
- Rent
- Utilities
- Interest on debt obligations incurred before February 15, 2020
- Select business operations costs
- Property costs or damage due to public disturbance in 2020
- Select supplier costs
- Select worker protection expenditures

At least 60% of the Paycheck Protection Program loan must be used for payroll costs in order to be forgiven. Additional detail on eligible costs can be found on starting on page 48 of the [Interim Final Rule](#).



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Q: Does PPP cover sick leave?

A: Yes, the PPP covers payroll costs, which include employee benefits such as costs for parental, family, medical, or sick leave. However, it is worth noting that the CARES Act expressly excludes qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (FFCRA) (Public Law 116–127). Learn more about the FFCRA’s Paid Sick Leave Refundable Credit [here](#).

Q: What are the loan terms for any portion that is not forgiven?

A: Any loan amount not forgiven is carried forward as an ongoing loan with an interest rate of 1% and a maturity of 2 years for PPP loans issued before June 5, 2020, or 5 years for loans issued after June 5, 2020. There are no loan origination fees or prepayment fees.

Q: How do I qualify for loan forgiveness on eligible expenses?

A: Borrowers will apply through their lenders for forgiveness. Forgiveness has been streamlined for loans under \$150,000 to reduce burden on business owners.

Q: What is the loan period?

A: Borrowers will be able to select a loan period between 8 and 24 weeks that best suits their needs. The period starts on the date of your first payment from your PPP loan.

Q: How much should I apply for?

A: For most borrowers: The maximum loan amount is equal to 250 percent of your average monthly payroll costs from February 15, 2019 – June 30, 2019. If your business employs seasonal workers: you can elect to choose March 1, 2019 as your time period start date. If your business did not operate between February 15, 2019 – June 30, 2019: the maximum loan amount is equal to 250 percent of your average monthly payroll costs between January 1, 2020 and February 29, 2020. For all borrowers: the maximum loan amount is \$10 million

Q: Can I apply for both the EIDL and PPP programs?

A: Yes. If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan. The EIDL loan should not be used for payroll-related costs that would be covered by PPP.

Q: Will my PPP count as taxable income? Can I use my PPP for tax-deductible expenses?

A: Gross taxable income does not include any amount that would otherwise arise from the forgiveness of a Paycheck Protection Program (PPP) loan. Deductions are allowed for otherwise deductible expenses paid with the proceeds of a PPP loan that is forgiven, and that the tax basis and other attributes of the borrower’s assets will not be reduced as a result of the loan forgiveness. This treatment is effective as of the date of enactment of the CARES Act.



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Economic Injury Disaster Loans (EIDL)

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance>

The SBA's EIDL program provides small businesses with working capital loans to help overcome a temporary loss of revenue due to COVID-19. These loans may be used to pay fixed debts, payroll, accounts payable and other bills that cannot be paid because of the disaster's impact. The interest rate is 3.75% for small businesses. The interest rate for nonprofits is 2.75%.

In the summer of 2020, the SBA calculated the EIDL Advance as \$1,000 per employee, up to \$10,000. The Supplemental Appropriations Act allows for small businesses in low-income communities to receive another advance, even if they already received a portion in 2020, up to \$10,000. The SBA will contact those who are eligible—no action is needed on the part of the borrower at this time.

Who is eligible: This program is for any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private nonprofit organization or 501(c)(19) veterans organizations affected by COVID-19. As of May 5, 2020, agricultural businesses are also eligible to apply.

Apply: Apply directly through the SBA [here](#).

Frequently Asked Questions

Q: What is the turnaround time on these loans?

A: Once a borrower submits an application, approval timelines depend on volume. The maximum timeline for approval is 3 weeks and disbursement can take up to 5 days after approval, but SBA is working to expedite this processing timeline. Borrowers will be assigned individual loan officers to service the loan.

Q: Can I apply for both the EIDL and PPP programs?

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.

Q: Are nonprofits eligible for EIDL loans?

A: Yes, if you are a private nonprofit 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 nonprofit organized or doing businesses under state law.



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SBA Debt Relief Programs

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief>

The Supplemental Appropriations Act provides \$3.5 billion to resume debt relief payments of principal and interest (P&I) on small business loans guaranteed by the SBA under the 7(a), 504 and microloan programs. All borrowers with qualifying loans approved by the SBA prior to the CARES Act will receive an additional three months of P&I, starting in February 2021. After the three-month period described above, borrowers considered to be underserved—namely the smallest or hardest-hit by the pandemic—will receive an additional five months of P&I payments. Payments under this program will be capped at \$9,000 per borrower per month.

Frequently Asked Questions

Q: What do I need to do to access this relief?

A: Nothing—this is being applied automatically by SBA.

Q: Can I still apply for PPP if I'm receiving debt relief?

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.

Live Event Venue Grants

The Supplemental Appropriations Act authorizes \$15 billion for SBA to offer grants to eligible live venue operators, theatrical producers, live performing arts organization operators, museum operators, motion picture theatre operators, or talent representatives to address the economic effects of the COVID-19 pandemic on certain live venues.

In the initial 14-day period of implementation, grants will be awarded to eligible entities with revenue losses of at least 90 percent, and in the following 14-day period, grants will be offered to entities with at least 70 percent revenue loss. After these two periods, grants will be awarded to all other eligible entities. The grants can be used for payroll costs, rent, utilities, and PPE.

Additional details can be found here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/shuttered-venue-operators-grant>

Tax Relief

In addition to creating new direct grant and loan programs to support small businesses and nonprofits, the Supplemental Appropriations Act includes tax provisions that will further alleviate the financial burden on employers, including:

Employee Retention Tax Credit (ERTC): The Supplemental Appropriations Act expands and improves the ERTC. From January 1, 2021 - June 30, 2021, eligible businesses can receive a



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refundable, advanceable tax credit of up to \$14,000 per employee. Eligible businesses have fewer than 500 employees and more than 20% decline in gross receipts in a quarter compared to 2019. Employers may receive this tax credit in 2020 and 2021. More information here: <https://www.irs.gov/coronavirus/employee-retention-credit>

Employer payroll tax delay: Allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees and requires that the deferred employment tax be paid over the following two years.

Student Loan Tax Exclusion: The bill allows employers to contribute up to \$5,250 tax free to their employees' student loans.

Washington State Department of Revenue (DOR)

DOR is taking measures to provide relief to COVID-19 impacted businesses during the state of emergency. Answers to frequently asked questions, date extensions, and updates will be posted online at <https://dor.wa.gov/about/business-relief-during-covid-19-pandemic>.

Fraud

Unfortunately, the SBA has had many people file for assistance fraudulently.

SBA does not initiate contact on either 7a or Disaster loans or grants. If you are proactively contacted by someone claiming to be from the SBA, suspect fraud.

If you are contacted by someone promising to get approval of an SBA loan, but who requires any payment up front or offers a high interest bridge loan in the interim, suspect fraud.

SBA limits the fees a broker can charge a borrower to 3% for loans \$50,000 or less and 2% for loans \$50,000 to \$1,000,000 with an additional .25% on amounts over \$1,000,000. Any attempt to charge more than these fees is inappropriate.

Report any suspected fraud to the SBA Office of Inspector General Hotline at 800-767-0385 or at <https://www.sba.gov/about-sba/oversight-advocacy/office-inspector-general/office-inspector-general-hotline>.

If you are reporting a fraudulent loan to the SBA, you may also wish to:

1. File a dispute with the credit agency (www.Experian.com/fraudalert or 1-888-397-3742; www.TransUnion.com/fraud or 1-800-680-7289; www.Equifax.com/CreditReportAssistance or 1-888-836-6351)
2. File a police report with local authorities
3. File a Complaint with the FTC (Federal Trade Commission) <https://identitytheft.gov/>
4. Consider placing a fraud alert and/or freeze on your credit report



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Counseling and Advising

Washington Small Business Development Center

Free, unbiased business advising: <https://wsbdc.org/>

SCORE Mentorship

Connect with a local business mentor: <https://www.score.org/find-mentor>

Women's Business Development Center and Veteran's Business Outreach Center

Find local and specialized services here: <https://www.sba.gov/local-assistance/find/>

Minority Business Development Agency

Counseling and mentorship for minority-owned businesses:

<https://www.mbda.gov/about/whatwedo>

Other Resources and Services

Export Assistance for Businesses

The Washington State Department of Commerce's Export Assistance Team division can help companies identify alternative markets and provide firms with STEP Vouchers to defray the costs of trade show or trade mission fees, airfare, interpreter and translation services, business matchmaking, export training programs and more. Visit: www.commerce.wa.gov/promoting-washington-state/export-assistance or contact the Export Assistance team at 206.256.6100.

Washington State Coronavirus Response | Business and Workers

The answer to many of your work-related or business-related questions will be found on Washington state's coronavirus response website at <https://coronavirus.wa.gov/business-workers>

Washington State Department of Labor & Industries

360-902-5798; online at <https://www.lni.wa.gov/>

Washington State Employment Security Department (ESD)

ESD has programs designed to help individuals and employers during this unprecedented time period. System upgrades are underway which will allow people to access critically needed unemployment assistance. 800-318-6022; online at <https://esd.wa.gov/newsroom/covid-19>

Washington State Office of the Insurance Commissioner

1-800-562-6900; online at <https://www.insurance.wa.gov/coronavirus-insurance-information-businesses>