



Recent Updates to the Second Round of COVID-19 Relief Funding

Small Business Administration Resource Partners

March 4, 2021



Small Business
Development Center
UNIVERSITY OF GEORGIA



SCORE
FOR THE LIFE OF YOUR BUSINESS

Gwinnett County Small Business Resource Partners



*Funded in part through a
Cooperative Agreement with
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Meet The Gwinnett Small Business Resource Team

We Are Here to Help Small Businesses!



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Housekeeping



Chat?

Use the **Chat** function if you are experiencing issues during the presentation and to respond to/interact with facilitators when appropriate



Questions?

Use the **Q & A** function to post your questions. We will be answering questions throughout the session and have dedicated Q&A time at the end.



They're in the email

It's hard to listen, write, grab a bite to eat, slurp down coffee so we're going to send you the presentation when were done, just give us about 24 hours.





Review of Key Elements of the Economic Aid Act (EAA)

- Signed into law on December 27, 2020
- It is part of Consolidated Appropriations Act of 2021
- Key Components:
 - “PPP Second Draw” Loan (PPP2)
 - PPP First Draw extension (PPP1)
 - Targeted EIDL Advance
 - SBA Guaranteed Loan Debt Relief
 - Targeted Programs for:
 - Hardest Hit Businesses
 - Disadvantaged Businesses
 - Resolves tax treatment of PPP Forgiveness and Debt Relief Payments



“PPP Second Draw” (PPP2)

- Eligible Businesses:
 - Must have experienced at least one quarter in 2020 where revenues were 25% or more below corresponding 2019 quarter
 - No more than 300 employees
 - Must have or will use full amount of initial PPP loan funds (PPP1)
 - Same business types as qualified for initial PPP loans
 - Had to be in business on February 15, 2020
- Loan limit of \$2M and \$10M if combined with PPP1
- Loan based on:
 - 2.5X average monthly 2019 payroll (same as PPP1) or 2020 payroll
 - 3.5X if you're a business with a NAICS Code beginning in 72



PPP – ‘Exclusive Period’

- Based on White House Fact Sheet issued on Feb 22, 2021
- Implemented an ‘exclusive application period’ which runs from Wed. Feb 24th at 9am ET through Tues. Mar 9 at 5pm ET
 - Only businesses with fewer than 20 employees can apply during this period
 - All applications made prior to this period will continue to be processed regardless of size



SBA EAA IFR#4

- Released on March 3, 2021 – effective immediately
- Eliminates the following exclusionary restrictions for a business where a partner owning 20 percent or more:
 - Has been arrested or convicted of a non-financial felony in the last year – unless the partner is incarcerated at the time of application
 - Is delinquent on their federal student loans
 - Uses an ITIN to pay their taxes – must be a legal U.S. resident



IFR#4 Schedule C Filers

- Applies to sole proprietors, independent contractors and self-employed
- If you have no employees – you can elect to use either:
 - Net Profit – Line 31, or
 - Gross Income – Line 7
- If you have employees and choose to use Gross Income (Line 7) you must subtract the following amounts:
 - Line 14 (Employee Benefit Programs)
 - Line 19 (Pension and Profit-Sharing Plans)
 - Line 26 (Wages – (less employment credits))



PPP Schedule C Forms

SBA Form	PPP Draw	Loan Basis	Schedule C Line Number
2483	First (PPP1)	Net Profit	31
2483-SD	Second (PPP2)	Net Profit	31
2483-C	First (PPP1)	Gross Income	7
2483-SD-C	Second (PPP2)	Gross Income	7

- If you applied and accepted your loan – you **cannot** increase or modify your loan
- You must file a **new application** if you filed before March 3 and want to use Gross Income
- You must use the identified form based on your choice of Loan Basis
- All of the above forms were updated and/or released on March 3, 2021



Summary of PPP Status

- Currently in the 'exclusive application period' until Tues. Mar 9 at 5pm ET
- EAA IFR#4 added an option for Schedule C filers to use Gross Income for Loan Basis – you must use the correct form
- SBA changed the loan size 'safe harbor' for those who use Gross Income
 - Only applies to those with \$150k or more in Gross Income (Schedule C Line 7)
 - SBA intends to review a sample of those First Draw PPP borrowers for compliance
- Applications will continue to be accepted through March 31, 2021
- Significant funding still exists!



Targeted EIDL Advance Status

- Notification of eligible entities began on February 1 via email
 - First phase (those who received a grant of less than \$10k) have been notified
 - Second phase (those who applied but received no advance) are being notified now
- You will enter your monthly revenue for 2019 and 2020 and SBA will determine if you meet the 30% reduction in revenue requirement
- SBA announced the online tool they are using to determine if you are in a 'low-income' area (<https://sbaeidl.policymap.com/app>)



SBA Guaranteed Loan Debt Relief

- Due to a shortfall in funding – the SBA will reduce payments, as follows:
- On ‘legacy’ loans - second round payments will be:
 - Reduced from 3 months to 2 months
 - For those most impacted from 8 months to 5 months
- For new loans approved between Feb 1 and Sept 30 of 2021 – payments will be reduced from 6 months to 3 months
- Loans approved between Sept 28, 2020 and Jan 31, 2021 remain ineligible



Summary of SBA Debt Relief Program

Key Loan Approval Dates:	First Round Payments	Second Round Payments
On or Before: Mar 27, 2020	6 months of payments beginning in Apr 2020	23 or 58 months beginning in Feb 2021
Between: Mar 28, 2020 and Sept 27, 2020	6 months of payments if fully dispersed before Sept 27. 3 months if fully dispersed after Sept 27	NO PAYMENTS Dependent upon availability of sufficient funds
Between: Sept 28, 2020 and Jan 31, 2021	Do not qualify	Do not qualify
Between: Feb 1, 2021 and Sept 30, 2021	Do not qualify	36 months beginning on the first payment due date



Shuttered Venue Operators Grants (SVOG)

- The SBA has issued four sets of FAQs on the SVOG program – the latest was on February 28th
- Key clarifications:
 - The ‘fixed seating’ requirement only applies to Museums and Movie Theatres – seats that are too heavy to be easily moved will qualify
 - Defined SVOG programs are events such as:
 - Musical Concerts
 - Comedy Shows
 - Theatrical productions
 - Dance Performances
 - Other live renderings of similarly artistic works



SVOG Key Clarifications

- If ownership of a venue changed either before or after February 29, 2020 – the SBA will consider that the owner of an eligible entity ‘stepped in the shoes’ of the prior owner and permit the new owner to use the prior owner’s operating revenues as its own
- Specifically defines permitted uses of funds to include:
 - Owner compensation including distributions and dividends
 - Reimbursement of allowable expenses paid as far back as March 1, 2020
 - State and local taxes



ChildCare Assistance Program

- Early Care and Education (ECE) - \$1000 bonuses to Early Childhood Professionals - [ECB FAQ \(ga.gov\)](#)
 - Email notices have been sent to all registered childcare centers
 - Portal is not yet active – but is being developed
 - All centers are eligible to participate
- Additional funding will be provided to supplement children's fees
<http://www.dec.state.ga.us/documents/attachments/CRRSAphaseone.pdf>.



Rental Assistance Program

- Will pay for rent and utilities for qualified individuals
- Programs will be administered at the local, county and state level
 - Local – City of Atlanta
 - County – 11 individual counties
 - State Level – Georgia DCA (<https://www.dca.ga.gov/safe-affordable-housing/rental-housing-assistance/state-georgia-rental-assistance-program>)
- Tenants and Landlords need to pro-actively apply
- Programs are expected to roll-out in early March



Tax Related Modifications

- Expenses paid by PPP funds **can** be claimed as business expenses
- Debt relief payment of P&I will **not** be treated as income
- PPP recipients are now able to claim Employee Retention Tax Credits (ERTC) – **check with your payroll provider or accountant**
- **State of Georgia approved PPP state tax loan exemption***

* Pending Gov Kemp's signature



Status of SBA Programs – 3/4/2021

- Currently offering:
 - First Draw PPP (PPP1)
 - Initial Application – **Apply to Approved SBA Lender**
 - Increase in Existing Loan – **Apply to ‘Lender of Record’**
 - Second Draw PPP (PPP2) – **Apply to Approved SBA Lender**
 - **Exclusive application period began on Feb 24th runs thru Mar 9th**
 - **Revised PPP1 and PPP2 calculations for Schedule C filers on Mar 3rd**
 - Economic Injury Disaster Loans (EIDL) – **Apply to SBA**
 - Express Bridge Loans – **Apply to Approved SBA Lender**
 - SBA Debt Relief (for existing borrowers) – **Happens Automatically**



Status of SBA Programs – 3/4/2021

- Targeted EIDL Advance (limited eligibility) –
 - First phase complete
 - Second phase has begun
- Preparing to offer:
 - Shuttered Venue Operator Grants (SVOG)
- For updated information:
 - Watch for SBA and Treasury guidance – www.sba.gov/funding-programs/loans/coronavirus-relief-options
 - Our website is a good source of information - www.georgiasbdc.org
 - UGA SBDC and Gwinnett Chamber will have additional webinars – watch this space! - www.georgiasbdc.org/2nd-round-covid-funding-webinars/





Questions?

THANK YOU!



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