



Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act ("HHSB Act")

Presented by: Scott Zickefoose



Introduction



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Obtaining Liquidity in Uncertain Times



AGENDA



**Changes to
PPP Round 1**



**Qualifying for
Second Draw**



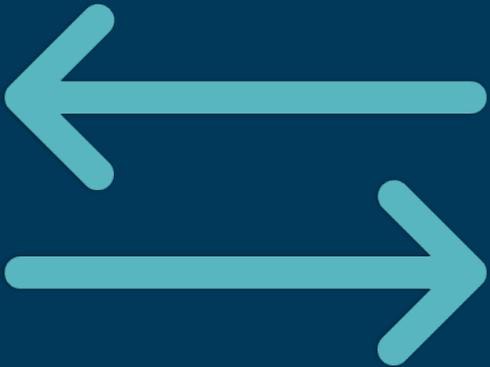
Calculations



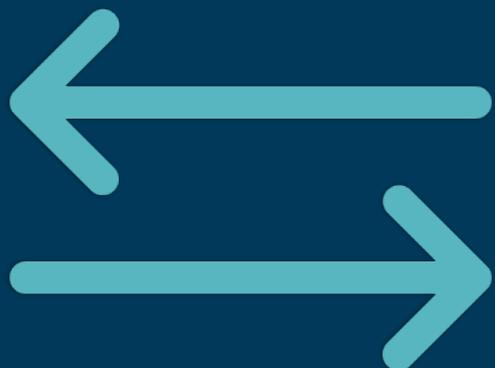
Other Items

Changes To Original PPP

- * *Tax treatment of forgiveness of covered loans*
- * **Additional allowable use categories**
 - ◇ Operations expenditures
 - ◇ Property damage costs
 - ◇ Supplier costs
 - ◇ Worker protection expenditures
 - ◇ Group life, disability, vision or dental insurance benefits
- * *Confirms borrowers can elect a covered period between 8 & 24 weeks*
- * *Simplified forgiveness for loans up to \$150,000*

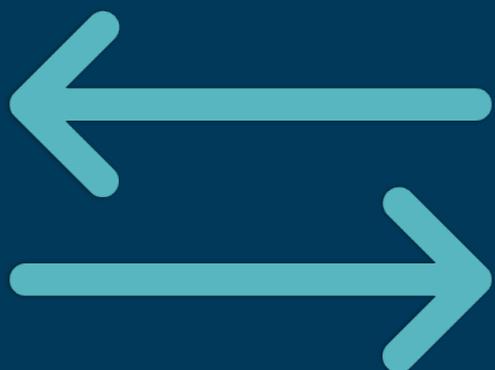


Covered Operational Expenditures



- * **“Payment for any business software or cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting or tracking of supplies, inventory, records and expenses.”**

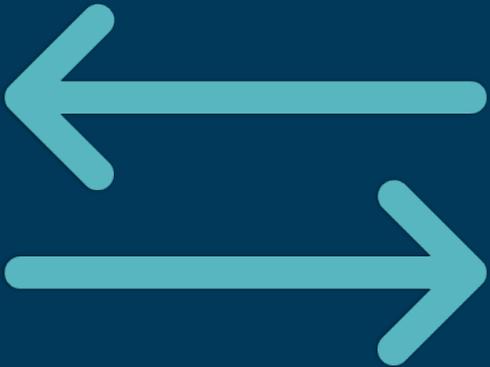
Covered Property Damage



- * **“Cost related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that was not covered by insurance or other compensation.”**

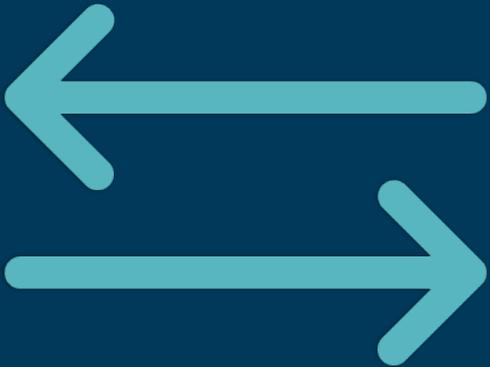
Covered Supplier Costs

- * **An expenditure made by an entity to a supplier of goods for the supply of goods that—**
 - * **(A) are essential to the operations of the entity at the time at which the expenditure is made; and**
 - * **(B) is made pursuant to a contract, order, or purchase order—**
 - * **(i) in effect at any time before the covered period with respect to the applicable covered loan; or**
 - * **(ii) with respect to perishable goods, in effect before or at any time during the covered period with respect to the applicable covered loan**

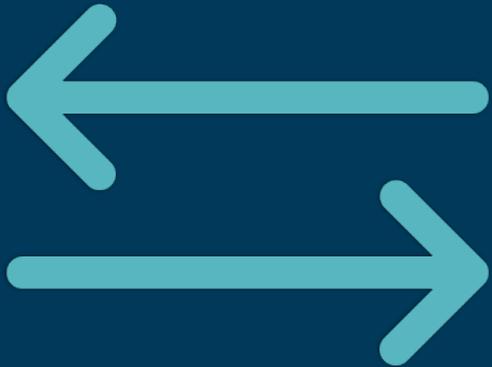


Covered Worker Protection Expenditures

- * “An operating or a capital expenditure to facilitate the adaptation of the business activities of an entity to comply with requirements established or guidance issued by the Department of Health and Human Services, the Centers for Disease Control, or the Occupational Safety and Health Administration, or any equivalent requirements established or guidance issued by a State or local government, during the period beginning on March 1, 2020 and ending the date on which the national emergency declared by the President under the National Emergencies Act (50 U.S.C. 1601 et seq.) with respect to the Coronavirus Disease 2019 (COVID–19) expires related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID– 19;”



Covered Worker Protection Expenditures - Examples



- * *Create or expand a drive through window*
- * *Indoor, outdoor, or combined air or air pressure ventilation or filtration system*
- * *Physical barriers*
- * *Expansion of additional indoor, outdoor, or combined business space*
- * *Addition of onsite or offsite health screening capabilities*
- * *Purchase of specified materials or particulate filtering facepiece respirators.*
- * *Does not include residential real property or intangible property*

Qualifying for the “Second Draw”

Eligibility



- * *Can not receive Shuttered Venue Operator Grant*
- * *Employs not more than 300 employees (headcount) **
- * *Had gross receipts during the first, second, third or fourth quarter of 2020 that demonstrated not less than a 25% reduction from the gross receipts of the entity during the same quarter in 2019.*
- * *Has used or will use the full amount of the first PPP loan*
- * **Exceptions apply*

Eligibility, cont.



- * *Eligible entities must be businesses, certain non-profit organizations, housing cooperatives, veterans' organizations, tribal businesses, self-employed individuals, sole proprietors, independent contractors, and small agricultural co-operatives.*
- * *Excludes publicly traded companies (with few exception).*
- * *Must be in operation as of February 15, 2020.*
- * *Certification of economic uncertainty***

Eligibility - New



- * *FCC license holders and newspapers*
 - * *Subject to size limitations and certifications of purpose of loan proceeds.*
- * *501(c)(6)*
 - * *Subject to limits on lobbying revenue and expenses.*
 - * *Excludes professional sports leagues and campaign organizations*
- * *Destination Marketing Organizations*
 - * *Subject to limits on lobbying revenue and expenses.*
 - * *Required to be a registered 501(c) organization, a quasi-government entity, or political subdivision of a state or local government.*

Eligibility – February 15, 2020



- * If the entity was not in business during 2019, but was in operation on February 15, 2020, the entity can compare quarterly gross receipts to the first quarter of 2020.*

Eligibility – Prohibited Attributes



- * *Business described in Section 120.110 of Title 13 (Code of Federal Regulations)*
 - * *Same as original PPP*
- * *Businesses primarily engaged in political or lobbying activities, including research or advocacy in areas such as public policy or political strategy.*
- * *Special considerations for businesses with operations or ownership ties to the People's Republic of China or the Special Administrative Region of Hong Kong.*

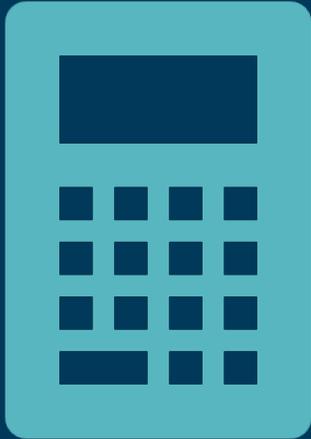
NAICS Code - 72



- * *Not more than 300 employees per location*
- * *Waiver of affiliation rules*
- * *Favorable calculation in determining loan size (discussed later).*

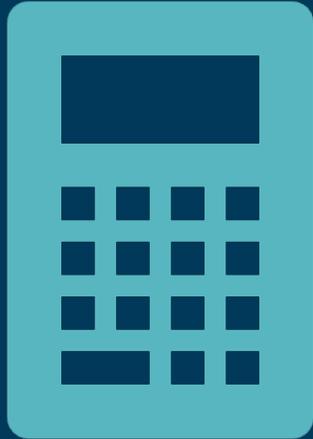
Calculations

Calculations



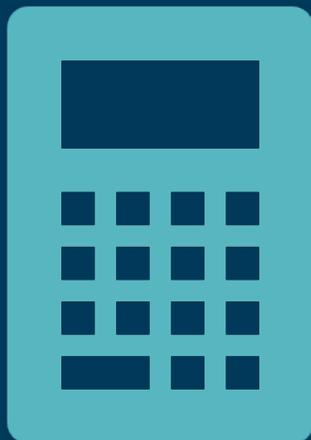
- * *Lesser of 2.5 months of average payroll costs or \$2,000,000.*
- * *Borrower can use twelve month period ending immediately prior to the loan application or the last calendar year.*
 - * *Seasonal employers discussed later*
- * *Treasury to issue guidance (within 17 days) on how to increase original loan size based on updated guidance, if applicable.*

NAICS Code - 72



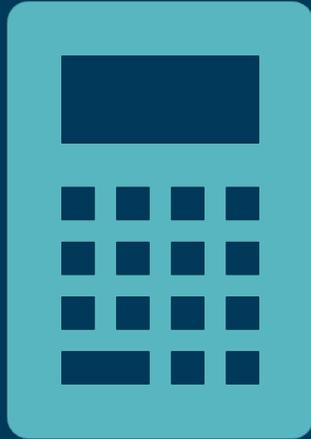
- * *Lesser of 3.5 months of average payroll costs or \$2,000,000.*
- * *Borrower can use twelve month period ending immediately prior to the loan application or the last calendar year.*

Seasonal



- * *Operates no more than seven months in a year, or*
- * *Earned no more than 1/3 of its receipts in any six months in the prior calendar year*
- * *Can use any twelve-week period from February 15, 2019 to February 15, 2020 to determine 'average monthly payroll'*

New Businesses



- * *If entity did not exist during the 1-year period preceding February 15, 2020, the max loan amount is the lesser of:*
 - * *The product obtained by multiplying*
 - * *The quotient obtained by dividing:*
 - * *The sum of the total monthly payments by the eligible entity for payroll costs paid or incurred by the eligible entity as of the date on which the eligible entity applies for the covered loan by*
 - * *The number of months in which those payroll costs were paid or incurred*
 - * *2.5*
 - * *Capped at \$2MM loan.*

Next Steps

Next Steps



- * *Program ends no later than March 31, 2021.*
- * *Consider changes to “Average Payroll Costs”*
- * *Contact bank where your first PPP loan was processed*
- * *Substantiate qualifications (i.e. revenue loss and employee count)*

Other Items

Other Items



- * *FFCRA Extended to March 31, 2021*
- * *Employee Retention Tax Credit Changes*
- * *Payroll tax deferral (April 30, 2021 and May 1, 2022)*
- * *Shuttered Venue Operators Grant*
- * *Extension of debt relief programs for SBA 7(a), 504 and Microloan programs*
 - * *Extended terms for food service and accommodations, arts, entertainment, education, and laundry and personal care services.*
- * *Targeted EIDL*
- * *Rebuild VA Grant (if future funding is made available)*



Questions?

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