

In the US, our response to the pandemic caused by the coronavirus disease 2019 (COVID-19), commonly referred to as the “coronavirus,” is continually evolving, but federal, state and local governments have begun to cobble together various initiatives to support businesses. At the federal level, for instance, our government has announced the following initiatives and proposals:

- **Coronavirus Stimulus Bills**

- “Phase One” – The first “Coronavirus Bill” passed by Congress – allowed US\$1 billion in loan subsidies to be made available to help small businesses, small agricultural cooperatives, small aquaculture producers and nonprofit organizations that have been impacted by financial losses as a result of the coronavirus outbreak. This funding could enable the US Small Business Administration (SBA) to provide an estimated US\$7 billion in loans to these entities. In addition, the bill provides US\$20 million to administer these loans.
- On March 18, Congress passed, and President Trump signed into law, “Phase Two,” known as the “Families First Coronavirus Response Act.” This relief package provides, among other things, sick leave and unemployment benefits for individuals affected by the pandemic. To protect businesses concerned about cash flow, the US Treasury would be able to use its regulatory authority to advance funds to employers in a number of ways, including allowing employers to use cash deposited with the Internal Revenue Service (IRS) to pay sick leave wages. To offset paid time-off costs, Phase Two incorporates a business tax credit, equal to 100% of the benefits doled during this time. Business tax credits directly lower a business’s tax liability, dollar-for-dollar.
- Congress has engaged in heated negotiations regarding a “Phase Three” stimulus package, which calls for over US\$1 trillion in spending, with US\$500 billion set aside for distressed sectors of the economy, including US\$65 billion to aid the hard-hit airline industry. Phase Three would also provide for direct payments to qualifying taxpayers whose adjusted gross income falls within a defined range, and would create a US\$300 billion small business interruption loan program.

- **SBA Economic Injury Disaster Loan Program** – The SBA is working directly with state governors to provide targeted, low-interest loans to small businesses that have been severely impacted by COVID-19. The SBA’s Economic Injury Disaster Loan program provides small businesses with working capital loans of up to US\$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. These loans may be used to pay fixed debts, payroll, accounts payable and other bills that cannot be paid because of the pandemic’s impact. The interest rate is 3.75% for small businesses without credit available elsewhere; businesses with credit available elsewhere are not eligible. SBA offers long-term repayment plans in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower’s ability to repay.

- **Federal Tax Deferment** – The US Treasury Department and IRS announced a three-month deferment for any tax payments owed, up to US\$1 million. While it applies to individual tax returns, it also covers many pass-through entities (e.g., sole proprietors, single-member LLCs) and small businesses. The deferment will extend the April 15 deadline for businesses negatively impacted by the coronavirus – without penalties – for 90 days, giving business owners the opportunity to use their tax liability to cover other expenses. Please note that the income tax return still needs to be filed by April 15, but it does not need to be paid until July 15.

- **Fed Emergency Lending Facility** – The Federal Reserve (Fed) is establishing an emergency lending facility to help unclog a short-term credit market that has been disrupted by the viral outbreak. The Fed said it will lend money to banks that purchase financial assets from money market mutual funds, including short-term IOUs known as commercial paper. By facilitating the purchase of commercial paper, which is issued by large businesses and banks, the Fed hopes to spur more lending to firms that are seeking to raise cash as their revenues plummet amid the spread of the coronavirus.

At the local level, states and municipalities have announced a variety of initiatives to support businesses.

- **Arkansas** – The state will allocate US\$12 million in Community Development Block Grant money to help relief and recovery efforts for companies and nonprofits. The governor will also use US\$4 million from his quick-action fund to provide bridge loans of up to US\$250,000 for mid-sized firms to make payroll and remain in operation. The priority is companies that are in the supply chain of essential goods and services, including healthcare, food manufacturing and logistics.

- **California** – Employers facing potential closures or layoffs can request America’s Job Center of California Rapid Response Services for help in evaluating their business. Employers experiencing a hardship as a result of COVID-19 may request up to a 60-day extension of time from the state’s Employment Development Department (EDD) to file their state payroll reports and/or deposit state payroll taxes without penalty or interest.
- **Chicago** – Small businesses in Chicago can apply for low-interest loans of up to US\$50,000, with repayment terms of up to five years. The amount of the loan for which a particular business will qualify depends on its revenues before it was affected by the coronavirus. To be eligible, a business must demonstrate a 25% drop in revenue, less than US\$3 million in total revenue, fewer than 50 employees and no current liens or legal judgments.
- **Denver** – The Denver Small Business Emergency Relief program is offering cash grants of up to US\$7,500 to businesses in industries that have been particularly hard-hit by the coronavirus. This includes businesses that have lost the ability to operate, including restaurants, retail shops, barbershops and hair and nail salons.
- **Florida** – To mitigate the impact of the coronavirus on small businesses, Florida announced the Florida Small Business Emergency Loan Program. US\$50 million is being earmarked to the loan program to assist businesses that have between two and 100 employees, and which belong to industries most affected by coronavirus. The loans are meant to serve as short-term funding that can be repaid once businesses can access alternative funding. Loans are interest-free for one year; after that, the interest rate rises to 12%.
- **Los Angeles** – Businesses in Los Angeles that are responsible for providing low-income jobs can get an emergency loan of US\$5,000 to US\$20,000. Loans with repayment terms of six months to a year carry an interest rate of 0%, and five-year loans have interest rates of 3% to 5%. The city has also instituted a moratorium on evictions of businesses impacted by the coronavirus through March 31.
- **Michigan** – The state will provide both grants and loans to business affected by the coronavirus. Grants will be available in amounts of up to US\$10,000 to help cover working capital. Loans will be available in amounts ranging from US\$50,000 to US\$200,000 at interest rates of 0.25%. To be eligible for a grant, a company must have fewer than 50 employees; loans, on the other hand, are targeted at companies with 100 employees or less that cannot obtain credit elsewhere. For both grants and loans, businesses must show income loss.
- **New York City** – The NYC Small Business Services is offering grants and zero-interest loans to businesses in specific categories, based on their size and revenue. Businesses with fewer than 100 employees that have seen sales decrease by 25% or more will be eligible for zero-interest loans of up to US\$75,000 to help mitigate losses. The city is also offering small businesses with fewer than five employees a grant to cover 40% of payroll costs for two months to help retain employees.
- **Oregon** – Businesses in targeted municipalities most affected by the coronavirus may be eligible for various forms of aid. In Portland, businesses located in the Jade District and Old Town Chinatown can apply for emergency funding, with up to US\$190,000 total available from local government sources. In Beaverton, businesses that were ordered to close as a result of government coronavirus guidelines can apply for US\$2,500 per month in rent or mortgage reimbursement. In Hillsboro, businesses can apply to receive a US\$5,000 grant to offset losses associated with the coronavirus, with priority given to restaurants, bars, and educational facilities.
- **San Francisco** – The city’s Office of Economic and Workforce Development (OEWD) will issue emergency grants of up to US\$10,000 for affected small businesses to help cover rent and employee salaries. To be eligible, you must show that you lost 25% or more of your revenue, that you have less than US\$2.5 million in gross receipts and that you are properly licensed to operate in San Francisco. The city is also allowing deferments on quarterly first quarter 2020 tax payments until February 2021 for small businesses with up to US\$10 million in annual sales, and delaying collection of the municipal Unified License bill for at least three months, which includes fees for restaurants, food trucks, bakeries and other small businesses.
- **Seattle** – The state of Washington is offering no-interest loans for some businesses that encounter cash flow problems. Also, the city of Seattle is offering grants of up to US\$10,000 for businesses that make 80% (or less) of the area’s median income and have five or fewer employees. The business and occupation tax deadline has also been extended and there are deferred payment plans for utilities.
- **Wisconsin** – The Wisconsin Economic Development Corporation (WEDC) is creating a US\$5 million program called Small Business 20/20. Businesses with no more than 20 employees can apply for grants up to US\$20,000 to pay for rent and payroll expenses.

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