

## **SUMMARY OF COVID-3 BILL – “CARES ACT” – AS ENACTED ON 3/28/20**

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1. Section 1101 -- KAWPEA (Small Business Provisions)
  - a. \$349 billion in small business loans (“Paycheck Protection Program”);
  - b. Definition of small business – greater of 500 employees or SBA size standard;
  - c. Regular SBA loan limits do not apply; specific loan limits per applicant;
  - d. Portions of loans can be forgiven, including payroll costs and interest on “mortgage” of personal or real property; forgiveness reduced by reduced employee headcount;
  - e. “Advance” for payroll up to \$10K with 3 day approval option.
2. Additional small business provisions:
  - a. \$562 million in Economic Industry Disaster Loans (EIDL) – available in all 50 states;
  - b. \$10 billion in direct grants for businesses that do not qualify for the EIDL program;
  - c. \$17 billion for SBA to make 6 months of payments on SBA-backed business loans
3. Provisions applicable to all businesses:
  - a. Section 2301 – Tax credit for employers subject to closure or with substantial decline in gross receipts equal to 50% of wages paid to employees;
  - b. Section 2302 -- Delay of payment of employer payroll taxes
    - i. Defer payment of payroll taxes between date of enactment and 1/1/21
    - ii. Can't have small business loan under KAWPEA above
    - iii. Must make up deferral in 2021 and 2022 (50% each);
  - c. Section 2303 – modifications for NOLs
  - d. Section 2304 – AMT relief
  - e. Section 4001 – Distressed Industries Relief -- CESA
    - i. \$500 billion to make loans, loan guarantees and “other investments” to eligible businesses
    - ii. Run by Treasury but administered by Federal Reserve
    - iii. Provide liquidity to financial system by:
      1. Purchasing obligations or other interests from issuers of such obligations;
      2. Purchasing obligations or other interests in the secondary market; or,

3. Making loans, including loans secured by collateral
  - iv. Treasury to publish process within 10 days of enactment
  - v. Business must be organized in the U.S. and have majority of employees in U.S.
  - vi. Specific provisions for mid-sized businesses (between 500 and 10,000 employees)
    1. 2% interest rate;
    2. 6 months no interest or principal payable;
    3. Certifications:
      - a. Loan necessary to support ongoing operations;
      - b. Will retain 90% of workforce until 9/30/20;
      - c. Will restore 90% of workforce as of 2/1/20 by 4 months after termination of public health emergency;
      - d. Company domiciled in U.S. and is not in bankruptcy;
      - e. Organized in U.S. and majority of employees in U.S.;
      - f. Will not pay dividends or offshore jobs for 2 years;
      - g. Will not break existing collective bargaining agreement for 2 years
      - h. Remain neutral in any union organizing effort for term of loan
4. Airport Grants
  - a. \$10 billion in grants to publicly-owned, commercial airports
    - i. \$2.6 billion for capital investments
    - ii. \$7.4 billion for other impacts of pandemic