

# COVID-19 EMERGENCY RESOURCES FOR BUSINESSES

## Contact Information and Resources

- State of Illinois Coronavirus (COVID-19) Response Page:  
<https://www2.illinois.gov/sites/coronavirus/Pages/default.aspx>
- City of Chicago COVID-19 Resources: <https://www.chicago.gov/city/en/sites/covid-19/home/resources.html>
- Individuals or companies wishing to donate money, items, or services to address COVID-19 and needs for personal protective equipment can contact the IEMA at [PPE.donations@Illinois.gov](mailto:PPE.donations@Illinois.gov).
- Contact Information for DCEO Offices
  - Small Business Development Center
    - Provides technical assistance and support for Illinois' small businesses
    - Link: <https://www2.illinois.gov/dceo/SmallBizAssistance/BeginHere/pages/sbdc.aspx>
  - Regional Economic Development
    - Provides technical assistance and outreach to business across Illinois
    - Email: [Jonathan.McGee@Illinois.gov](mailto:Jonathan.McGee@Illinois.gov)
  - Minority Economic Empowerment (OMEE)
    - Promote opportunities for all minority communities across the state through targeted programs, resources and advocates
    - Email: [CEO.OMEE@illinois.gov](mailto:CEO.OMEE@illinois.gov)
- Contact Information for selected State Agencies
  - Illinois Department of Insurance (IDOI)
    - Lead agency for health care and business insurance issues
    - Link: <https://insurance.illinois.gov/>
  - Illinois Emergency Management Agency (IEMA)
    - Lead agency for managing Illinois' emergency response
    - Link: <https://www2.illinois.gov/iema/Pages/default.aspx>
  - Illinois Department of Human Resources (IDHS)
    - Lead agency for SNAP and other emergency assistance to families
    - Link: <http://www.dhs.state.il.us/page.aspx>
  - Illinois Department of Employment Security
    - Lead agency for Unemployment Insurance administration
    - Link: <https://www2.illinois.gov/ides/Pages/default.aspx>

## Emergency Resources Available to Businesses and Communities

### Grants and Loans

#### Small Business Administration (SBA) Economic Injury Disaster Loans

- The State of Illinois has received its statewide Economic Injury Declaration which means small businesses in all 102 Illinois counties may be eligible for low-interest, economic injury disaster loans up to \$2M per business.

- [Link to SBA Disaster Loan](#)
- [DCEO Summary](#)

#### Illinois Treasurer's Office Small Business COVID-19 Relief Program

- The state treasurer's office has made \$250 million available in bridge loans to small businesses through participating Illinois banks and credit unions. The financial institutions will determine who is eligible for the loans.
- [More information is available here](#)
- [DCEO Summary](#)

#### DCEO Hospitality Emergency Grant Program

- DCEO will be providing grants of up to \$25,000 for bars and restaurants under \$1 million in annual revenue to offset immediate costs related to worker retraining, technology needs and working capital.
- Hotels that generated less than \$8 million in revenue in 2019 are eligible for grants of up to \$50,000.
- Applications are closed. Grant recipients, to be determined by lottery will be notified by April 4.
- [DCEO Summary](#)

#### DCEO Downstate Small Business Stabilization Program

- \$20 million program for small businesses in suburban and rural counties across Illinois, providing grants of up to \$25,000 to small businesses in communities served by DCEO's Office of Community Development.
- These grants will offer businesses of up to 50 employees the opportunity to partner with their local governments to obtain grants of up to \$25,000 in working capital.
- The grants will be offered on a rolling basis.
- [Link to application materials and guidebook](#)
- [DCEO Summary](#)

#### DCEO Illinois Small Businesses Emergency Loan Fund

- Low-interest loans of up to \$50,000 to support payments of fixed debt, payroll, accounts payable, and other bills that cannot be paid due to the impact of the COVID-19 pandemic.
- Program is joint venture of DCEO, IDFPR, Accion, and the Illinois banking community. A \$30M loan loss reserve will enable \$60M in loans.
- Illinois businesses with fewer than 50 employees and less than \$3M in 2019 revenue are eligible to apply.
- [Apply to Accion here.](#)
- [DCEO Summary](#)

#### City of Chicago Small Business Resiliency Fund

- \$100M fund supporting low-cost five-year loans for qualifying small businesses.
- Provides loans of up to \$50,000, depending on revenues before the COVID-19 outbreak.
- Funds can be used for working capital.

- Chicago small businesses with fewer than 50 employees and gross revenues less than \$3 million in 2019 are eligible.
- [Applications Available Here](#)
- [DCEO Summary](#)

#### Economic Development Agency Economic Adjustment Assistance (EAA) Program

- The CARES Act increased EAA grant funding nationwide by \$1.5B in response to the COVID-19 crisis.
- The EAA program supports comprehensive regional planning as well as economic development projects (construction and non-construction) that address ongoing economic distress or a sudden and severe dislocation, including disasters or emergencies.
- State and local governments, higher education institutions, and non-profits working with local governments are eligible to apply.
- Applications will be accepted on a rolling basis
- [More information here](#)
- [DCEO Summary](#)

## Technical Assistance, Information & Other Relief

#### Illinois Department of Financial and Professional Regulation (IDFPR) Licensing

- IDFPR is providing relief from professional licensing requirements, including extensions for licenses due March through July and waivers from certain continuing education requirements. [More information available here.](#)
- IDFPR announced a series of actions to ensure the protection of Illinoisans in many areas of consumer borrowing, servicing, and collections. This includes advice and guidance for consumers struggling with loans and bills, and official guidance to its regulated financial institutions concerning their lending, servicing, and collection during the COVID-19 pandemic – in essence advising encouraging them to provide customer the maximum assistance, flexibility and forbearance possible. Prudent efforts to help consumers and businesses will not be subject to examiner criticism. [More information here.](#)

#### Illinois Department of Revenue (IDOR) Taxpayer Information

- IDOR has provided contact info for taxpayer resources while taxpayer assistance offices and phone lines are shut down. [More information here.](#)
- Penalties and interest for late payment of sales taxes owed from February through April will be waived for eating and drinking establishments that incurred a sales tax responsibility of less than \$75,000 in CY2019. [More information here.](#)
- IDOR is automatically extending Sales Tax Exemption (“E”) numbers for all organizations that are currently pending renewal. [More information here.](#)
- IDOR has provided guidance for handling estimated payment with the income tax filing deadline extended. [More information here.](#)

### Illinois Department of Employment Security (IDES) Unemployment Insurance Information

- IDES has assembled FAQs about Unemployment Insurance and the COVID emergency
  - IDES has clarified that workers laid off due to COVID qualify for UI as long as they are prepared to return to work.
  - IDES has clarified that workers sent home due to COVID illness or quarantine, or are caring for an affected family member, are also eligible for UI coverage.
  - IDES is waiving the standard 1 week wait to be eligible for UI coverage.
- [More information here.](#)

### Illinois Department of Commerce and Economic Opportunity (DCEO) Assistance to Workforce Development and Small Business Clients

- Illinois Worknet works with employers and workers to help mitigate the impact of COVID-19. [More information here.](#)
- DCEO is encouraging adjustments to the terms of existing Advantage Illinois and FAME loans. These adjustments could include either 3 months of no payments or 6 months of interest-only payments. Under either option, compensatory payments would be tacked on at the end of the loan. Questions about this program can be directed to: [CEO.Advantagellinois@Illinois.gov](mailto:CEO.Advantagellinois@Illinois.gov).

## **Federal Stimulus Information**

The Federal Government has enacted legislation to assist state & local governments, businesses, and citizens adapt to the health care and economic challenges posed by the COVID-19 pandemic. As certain elements of these packages are implemented, we will share information on how Illinois residents and businesses can take full advantage of their provisions.

### **HR 6074 -- "Coronavirus Preparedness and Response Supplemental Appropriations Act" (Enacted March 6<sup>th</sup>)**

- Provided \$8.3 billion in emergency spending to address the public health emergency
- Provided funding for the SBA Disaster loans (noted above under Grants and Loans)
- Press Release and [Summary from House Committee on Appropriations](#)

### **HR 6201 -- "Family First Coronavirus Response Act" (Enacted March 19<sup>th</sup>)**

- Extends Family and Medical Leave benefits (including up to 10 weeks of paid leave) to employees of companies with fewer than 500 workers if caring for a child whose school or day care has closed.
- Provides up to two weeks of paid sick leave in 2020 to employees at companies with fewer than 500 employees. Companies will pay up-front but will receive tax credits to recover the costs.
- Provides emergency funding for state unemployment insurance systems, and offers interest-free loans through 2020 to states to cover benefits as needed.
- Provides \$500 million in extended SNAP benefits, \$400 million in emergency assistance to local food banks, and \$250 million to senior home food aid.
- Requires private health plans to cover costs for COVID-19 testing. Increases FMAP for the duration of COVID and provide laboratory reimbursements for testing for individuals without insurance.

## HR 748 -- "The Coronavirus Aid, Relief, and Economic Security Act" (Enacted March 27, 2020)

### Aid to Businesses and Workers

#### Economic Injury Disaster Loans Advance Grants – [DCEO Summary](#)

- In addition to the existing EIDL program available now, the CARES Act makes emergency advance grants available up to \$10,000 to provide immediate relief for small business operating costs for entities that apply for an Economic Injury Disaster Loan.

#### Paycheck Protection Program – [DCEO Summary](#)

- The program is available for small businesses starting April 3<sup>rd</sup>. Other eligible entities available April 10<sup>th</sup>.
- The SBA will provide up to \$349 billion in loans to eligible entities to help small businesses and non-profits maintain their existing workforce and pay for expenses like rent, payroll, mortgage and utilities.
- Importantly, loans are subject to forgiveness under certain circumstances, such as for employers who retain or rehire laid off employees. The loans are 100% federally guaranteed under a new subsection of Section 7(a) of the Small Business Act.

#### Subsidies for Current Loan Payments – [DCEO Summary](#)

- The SBA will pay the principal and interest that is owed on certain existing loans for a period of six months.

#### Loan Availability to Large Businesses – [DCEO Summary](#)

- \$454 billion is available in loans to large and mid-size businesses from the Federal Reserve and loans are made through banks and nonbank companies.
- More information is forthcoming from the Treasury for how businesses can obtain the funds, but there are restrictions and criteria in place that businesses have to meet in order to obtain funds.

#### Loans to Midsize Businesses and Nonprofits – [DCEO Summary](#)

- Part of the \$454 billion made available is for loans to businesses and nonprofits with employees between 500 and 10,000.
- Loans are made through banks and nonbank companies.

#### Tax Changes – [DCEO Summary](#)

- Employer Retention Credit available March 31<sup>st</sup>. It provides a refundable payroll tax credit for retaining workers.
- Opportunity to delay employer share of Social Security taxes for two years.
- Additional changes such business expense deductions and qualified property improvements.

## Support for State Programs

### Unemployment Insurance

- Unemployment insurance benefits were expanded to include an additional \$600 a week for up to four months and expands coverage up to 39 weeks of combined federal and state assistance between January 27 and December 31, 2020.
- UI benefits have also been expanded to independent contractors, gig workers, and the self-employed.

### Appropriations to DCEO programs – [DCEO Summary](#)

- Funding includes additional assistance to LIHEAP, Community Service Block Grants and Community Development Block Grants.
- The State Trade Expansion Program is permitted to allow federal grant funds appropriated in FY18 and FY19 to remain available for use through FY21 for those participants who experienced event cancellations due to COVID.

### Aid to SBDCs, Women’s Business Centers, and Minority Business Centers - [DCEO Summary](#)

- \$275M to local small business technical assistance programs to aid in expanding training, education, and advising help to small businesses.

### Economic Impact Payment for Individuals – [DCEO Summary](#)

- Most individuals will receive a payment from the IRS for \$1,200 or \$2,400 for those that file jointly. The amounts will phase down for higher-income workers.
  - To receive the payments, individuals need to have filed a 2019 or 2018 tax return, or receive a Social Security or Railroad Retirement Statement. For those that did not file a return, they are encouraged to file a simple return in order to receive the payment. Information is available on the [IRS’s website](#).
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## Small Business Administration (SBA) Economic Injury Disaster Loans

SBA link: <https://disasterloan.sba.gov/ela/>

The State of Illinois has received its statewide Economic Injury Declaration which means small businesses in all 102 counties may be eligible for assistance. These low interest loans can provide working capital for small businesses suffering economic injury from loss of revenue due to the COVID-19 crisis.

### Resources Available

- Low-interest, economic injury disaster loans up to \$2M per business.
- These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact.
- The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.
- The SBA offers loans with long-term repayments 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.

### Eligibility

- Generally small businesses and private, nonprofit organizations with no more than 500 employees.

### How to Apply

- Businesses can apply to the SBA at this link: <https://covid19relief.sba.gov/#/>
- See link for list of lenders participating in SBA loans:  
[https://www.sba.gov/sites/default/files/articles/Active\\_Lenders\\_in\\_Illinois\\_March\\_30\\_2020.pdf](https://www.sba.gov/sites/default/files/articles/Active_Lenders_in_Illinois_March_30_2020.pdf)
- For questions, please contact the SBA disaster assistance customer service center at 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov).

## **Illinois State Treasurer Small Business COVID-19 Relief Program**

Link: [https://illinoistreasurer.gov/Invest\\_in\\_Illinois/Small\\_Business\\_COVID-19\\_Relief\\_Program](https://illinoistreasurer.gov/Invest_in_Illinois/Small_Business_COVID-19_Relief_Program)

The state treasurer's office is making \$250 million available in bridge loans to small businesses through participating Illinois banks and credit unions. The financial institutions will determine who is eligible for the loans.

### **Resources Available**

- \$250 million in deposits available to financial institutions throughout the state, at near-zero rates, to assist Illinois small business and non-profits negatively affected by the COVID-19 pandemic.
- The Treasurer's Office will partner with approved financial institutions to provide loans -- either lower rate loans, or loans to a business or non-profit that would not otherwise qualify -- to Illinois small businesses impacted by the COVID-19 pandemic.

### **Eligibility**

- Eligible Illinois businesses or non-profits must: (1) have been shut down or limited due to COVID-19; (2) have less than \$1 million in liquid assets or \$8 million average annual receipts (per SBA standards); and (3) be headquartered in the state of Illinois or agree to use the funds in Illinois.

### **Further Information**

- Should you have any questions, please contact the Invest In Illinois team at (217) 558-6217 or email [investinillinois@illinoistreasurer.gov](mailto:investinillinois@illinoistreasurer.gov)
- The Treasurer's Office has prepared a list of participating lending institutions [here](#).



## **DCEO Hospitality Emergency Grant Program**

Link: <https://us.accion.org/news/covid-19-hospitality-business-grant-program/>

DCEO will be providing grants of up to \$25,000 for small business bars and restaurants to offset immediate costs related to worker retraining, technology needs and working capital.

### **Resources Available**

- Grants of up to \$25,000 for bars and restaurants and grants up to \$50,000 for hotels
- Bar and restaurants can use the grant to offset immediate costs related to worker retraining, technology needs and working capital.
- Hotels can use the grant for working capital to retain employees.

### **Eligibility**

- Bars and restaurants that generated less than \$1 million in 2019 revenue
- Hotels that generated less than \$8 million in 2019 revenue

### **How to Apply**

- Applications have closed, and grant recipients (determined by lottery) will be notified by April 4.

## **DCEO Downstate Small Business Stabilization Program**

Link: <https://www2.illinois.gov/dceo/SmallBizAssistance/Pages/EmergencySBAIntiatives.aspx>

This \$20 million program will provide grants to small businesses in suburban and rural communities served by DCEO's Community Development Block Grant program (CDBG). These funds may be used to assist private for-profit small retail and service businesses, or businesses considered non-essential by the Governor's Executive Order without the ability for employees to work remotely.

### **Resources Available**

- Grants up to \$25,000 to provide working capital funds to a community's businesses economically impacted by the COVID-19 virus.

### **Eligibility**

- Cities, villages, and counties can apply on behalf of small businesses with up to 50 employees who are impacted by the COVID-19 crisis.
- Businesses in Illinois' eight entitlement counties (Cook, DuPage, Kane, Lake, Madison, McHenry, St. Clair, and Will) and 33 entitlement communities are ineligible, as these areas receive the corresponding funding directly from the federal government rather than through the state.

### **How to Apply**

- The grants will be offered on a rolling basis. DCEO intends to make funds available within 30 days of application receipt.
- The program Guidebook and Application materials can be found at: <https://www2.illinois.gov/dceo/CommunityServices/CommunityInfrastructure/Pages/DownstateSmBizStabilization.aspx>

## DCEO Illinois Small Businesses Emergency Loan Fund Summary

Link:

<https://www2.illinois.gov/dceo/SmallBizAssistance/Pages/IllinoisSmallBusinessEmergencyLoanFund.aspx>

This \$60 million loan fund has been established by DCEO, IDFPR, Accion, and the Illinois banking community. This fund will provide small business loans for working capital and is supported by a \$30 million loan loss reserve.

### Resources Available

- Low-interest loans of up to \$50,000, depending on average monthly revenue prior to the COVID-19 crisis, to provide working capital. At least half of the proceeds must go towards payroll and worker compensation.
- Successful applicants will owe nothing for six months and will then begin making fixed payments at a 3% rate for the remainder of a five-year loan term.

### Eligibility

- Illinois businesses outside of Chicago with fewer than 50 employees and less than \$3 million in 2019 revenue are eligible to apply.
- Business must have experienced at a 25% or greater decrease in revenues due to COVID-19.

### How to Apply

- [Apply to Accion here](#)
- For assistance with additional questions, please email [CEO.Support@Illinois.gov](mailto:CEO.Support@Illinois.gov).

## **City of Chicago Small Business Resiliency Fund**

The City of Chicago has established a \$100 million Chicago Small Business Resiliency Fund, which will help to provide small businesses with emergency cash flow during this immediate health crisis. Funds will be provided to eligible businesses as low-interest loans.

### **Resources Available**

- Provides low interest loans of up to \$50,000, depending on revenues before the COVID-19 outbreak.
- Loans will be repaid over five years.
- Funds can be used for working capital. At least 50% of proceeds should be applied toward payroll and commitment to retain the workforce at 50% of pre-COVID-19 levels.

### **Eligibility**

- Chicago small businesses with fewer than 50 employees and gross revenues less than \$3 million in 2019 are eligible.
- The company must have suffered more than 25% revenue decrease due to COVID-19.

### **How to Apply**

- Loan applications will be administered through the city's Community Development Financial Institution (CDFI) partners.
- [Applications Available Here.](#)

## Economic Adjustment Assistance (EAA) Coronavirus Funding

Links: <https://www.eda.gov/pdf/about/Economic-Adjustment-Assistance-Program-1-Page.pdf>  
<https://crsreports.congress.gov/product/pdf/IN/IN11303>

The CARES Act passed into law on 03/27/2020 included a \$1.5 Billion appropriation for the Economic Development Administration's (EDA) Economic Adjustment Assistance Program (EAA). This program funds both strategy grants for developing Comprehensive Economic Development Strategy (CEDS) plans and implementation grants for infrastructure projects or other efforts to create jobs and recover from economic distress.

### ***Eligibility***

- Eligible applicants under the EAA program can include: regional planning organizations; state, county, or city governments; institutions of higher education; and public or private non-profit organizations

### ***Desired Projects***

- The EAA is EDA's most flexible program. In addition to planning grants and infrastructure projects, EDA can fund market and environmental studies and capitalize or recapitalize revolving loan funds (RLFs) to help provide small businesses with the capital they need to grow.
- All projects must be consistent with at least one of EDA's Investment priorities (Recovery & Resilience, Critical Infrastructure, Workforce Development & Manufacturing, Exports & FDI, Opportunity Zones).
- Short-term projects that address budget short-falls are unlikely to receive funding.
- Long-term projects that stress regional considerations and encourage resiliency will be highly attractive.

### ***How to Apply***

- Grants will be competitive, and applications will be accepted on a rolling basis.
- Applications information should be available soon. Check the [EDA's Funding Opportunities site](#) for updates.
- Potential applicants can also contact the [local EDA Office](#).

## Economic Injury Disaster Loans (EIDL) – Advance Grants

In addition to the existing EIDL program available now, the CARES Act makes emergency advance grants available up to \$10,000 to provide immediate relief for small business operating costs for entities that apply for an Economic Injury Disaster Loan.

**Existing Program:** EIDLs are lower interest loans of up to \$2 million, with principal and interest deferment available for up to 4 years, that are available to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses. The CARES Act authorized advances of up to \$10,000 of an EIDL.

**Funding Uses:** The funds can be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact.

### Eligibility Terms:

- Small businesses under 500, tribal businesses, cooperatives under 500 employees, any individual who operates under sole proprietorship or as an independent contractor; self-employed; employee stock ownership plan; tribal small business concern; small business, private nonprofits. Entities must have been in operation since January 31, 2020.
  - Businesses not sure of size can visit the [SBA's size standards](#) to find out.
  - Private nonprofit organizations are not defined for purposes of EIDL loans, but elsewhere in the Act "nonprofit organization" is defined as a 501c3. It's not clear whether other types of nonprofits are eligible, such as trade associations.
    - Faith-based organizations are eligible. [More information is available from the SBA.](#)

### Loans Terms:

- Loans can be made from January 31, 2020 until December 31, 2020. The CARES Act backdates the EIDL program to allow for businesses that applied for EIDL's before the advance grant was available to be eligible for the advance grant.
- Applicants DO NOT need to repay the advance if they are denied a loan.
- Requirements to prove a personal guaranty and for applicants to demonstrate they are unable to obtain credit from other sources are waived.
- Applicants may receive grant advances within three days of submitting an application.

**When to apply?** The SBA now has the Advance in place.

**How to apply:** Applicants apply directly to the SBA. Interested borrowers can start the application process at the [SBA's website](#). The SBA notes that those who applied prior to the launch of this program on March 31<sup>st</sup>, 2020 will have to reapply through the streamlined application to be eligible for the advance. Those businesses should receive notification that is the case via email, phone, and mail to advise them of that requirement.

### How it works with the Paycheck Protection Program (PPP):

- For the EIDL that opened last week, applicants of the PPP loans can refinance those EIDL into PPP loan for loan forgiveness purposes on loans made between January 31, 2020 and the date on which loans are made available under the CARES Act.
- Applicants may receive this advance while applying for a PPP loan. If the applicant receives the PPP loan, the amount of the advance will be subtracted from the loan forgiveness amount for payroll costs.

- **Important Detail:** EIDL's and loans made through the PPP cannot be used for the same purpose such as payroll.

**Where to find more information?** The [SBA COVID-19 response website](#) continues to be updated as more information becomes available. See Economic Injury Disaster Loans and Loan Advance.

- If a business wants to know the status of a loan, have them call the Customer Service Center at 800.659.2955 to learn about their specific situation.

## Paycheck Protection Program

The SBA will provide up to \$349 billion in loans to eligible entities to help small businesses and non-profits maintain their existing workforce and pay for expenses like rent, payroll, mortgage and utilities. Loans are subject to forgiveness under certain circumstances. The loans are 100% federally guaranteed under a new subsection of Section 7(a) of the Small Business Act.

### Eligibility Terms:

- Small businesses, 501c3 non-profit, 501c9 veteran's organization, tribal business with less than 500 employees, sole-proprietors, independent contractors and self-employed. Businesses with more than 1 physical location with no more than 500 employees per location and has a NAICS code beginning with 72(restaurants, hotels, accommodation) may qualify.
- Sole proprietors, independent contractors and eligible self-employed individuals are also eligible.
- Businesses in an industry that has an employee-based size standard through the [SBA, even if they are higher than 500 employees](#).
- Generally businesses must include affiliates when determining its number of employees. The CARES Act waives affiliate rules for certain industries:
  - Restaurant, hotel or others that fall in the NAICS 72 category and have more than one physical location but less than 500 employees per physical location may qualify.
  - Affiliate rules are waived for: those businesses described above that are assigned a NAICS code beginning with 72 ; [a SBA franchise](#); and SBICs.
  - Nonprofits are subject to the [SBA's affiliation standards](#).
    - [Faith-based organizations are exempted from affiliation standards. An FAQ for faith-based organizations is here.](#)
- Applicants have to have been in operation on February 15, 2020 and have paid salaries and payroll taxes or independent contractors.

**Use of loan:** It's designed to help pay for expenses during the COVID-19 crisis. These loans may be used for payroll costs, which includes continuation of group health care benefits, paid sick, medical, or family leave, or insurance premiums, salaries or commissions or similar compensation such as retirement; interest on mortgage obligations; rent; utilities, and interest on other outstanding debt.

### Loan Terms:

- The applicant must certify the loan is necessary and funds will be used to retain workers, maintain payroll or pay rent, mortgage or utility bills. Applicants must also not be receiving any other loan for the same purpose through December 31, 2020.
  - There is no need to show a borrower cannot obtain credit elsewhere, just certify the funding through PPP is necessary.
- For the portion of the loan not forgiven, the balance will have an interest rate of 1%, maturity of two years, first loan payment deferment for six months. No collateral or personal guarantee is required nor is the borrower or lender required to pay any fees to the SBA.
- No collateral or personal guarantee is required, unlike traditional SBA 7(a) loans. The SBA has no recourse against any borrower for non-payment of the loan, except where the borrower has used the loan proceeds for a non-allowable purpose.



**Loan Forgiveness:** PPP loans are eligible for loan forgiveness equal to the amount spent on payroll costs, mortgage, rent, utilities (forgivable covered costs) incurred or paid during the eight-week period following a PPP loan issuance.

- Payroll costs are further defined as 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; group health care benefits, including insurance premiums; retirement benefit; state or local tax payroll taxes.
  - Employee compensation over \$100,000, employee compensation outside the U.S., and FMLA that receives a credit under the Families First Coronavirus Response Act are not considered for payroll costs.
- Forgiveness is eligible for those employers that retain or rehire laid off employees between February 15 – June 30, 2020.
- Loan forgiveness amount is reduced if employee's wages are reduced or number of employees reduced. Again, the forgivable covered costs for loan forgiveness are payroll, mortgage, rent, and utility costs.
- No more than 25% of the forgiven amount may be for non-payroll costs.

#### **When can I apply?**

- Starting April 3, 2020, small businesses and sole proprietorships can apply for and receive loans to cover their payroll and other expenses.
- Starting April 10, 2020 independent contractors and self-employed individuals can apply for and receive loans to cover their payroll and other expenses.

#### **How do I apply?**

Borrowers may file applications directly with a registered SBA lender or federal insured depository institution, federally insured credit union, and Farm Credit System that is participating. The U.S. Treasury [released the application](#) on March 31, 2020.

You can call your local bank or find SBA-approved lenders in your area through SBA's [Find a Lender tool](#). You can also refer to this list of [active lenders in Illinois](#). Your local [Small Business Development Center](#) or [Women's Business Center](#) can also provide assistance and guide you to lenders.

#### **Where can I find more information?**

- The SBA has set up a call center for lenders having issues related to PPP. Should you receive calls, the number is 833-572-0502.
- The SBA and U.S. Treasury [released the interim final rules on April 2<sup>nd</sup>](#), which includes final guidance for the program. Additional guidance is expected from the SBA.
- Please see the U.S. Treasury's [Assistance for Small Businesses page](#). The website also includes detailed information and one-pagers for lenders, borrowers, a top-line overview of the program, and the application for borrowers. Continue to check back as more information becomes available.
- SBA Website: The [SBA COVID-19 response website continues to be updated as more information becomes available](#). Continue to check back as more information becomes available.

## Loan Payments Covered for Existing SBA Loans

- The SBA will cover up to 6 months of payments (principal and interest) owed on 7(a) on current and future loans not in deferment. If your loan is in deferment, the SBA will cover your payments beginning with the next payment due after deferment.
  - Future loan holders must have a loan issued prior to September 27, 2020.
- Payments for covered loans will be made no later than 30 days after the date on which the next payment is due.
- Borrowers should speak with their lender about this subsidy. The [SBA COVID-19 response website](#) also continues to be updated as more information becomes available. See SBA Debt Relief

## Loan Availability for Large Businesses

Over \$500 billion was provided to the U.S. Treasury for the Economic Stabilization Fund to provide loans, loan guarantees, and other investments to businesses, states, and municipalities impacted by COVID-19. These loans will not be forgiven.

The U.S. Treasury and Federal Reserve have broad latitude to develop these programs, such as setting additional terms for eligible borrowers and required collateral. There are restrictions and criteria in place on businesses as enacted by the CARES Act.

**Where to direct businesses:** More information will become available from the U.S. Treasury and Federal Reserve to better direct businesses. The timing is unknown, but Secretary Mnuchin suggested information would be available by Friday, April 3<sup>rd</sup>. The loans will be made available to banks and other lenders. Interested borrowers could reach out to their bank for more information as it becomes available.

**How it Works:** The bill invokes Federal 13(3) funding, which is an emergency loan program through the Federal Reserve in order to make funding available to bank and nonbank companies. It is similar to how funding was distributed during the 2008 financial crisis to the banks, except the Dodd-Frank Act instituted more restrictions on who can receive funding, i.e. funding is no longer available to aid “failing financial companies.”

For the purposes of the CARES Act, the Federal Reserve and the Treasury are directed to establish 13 (3) programs available to larger businesses, and midsize businesses and nonprofits for them to acquire loans, loan guarantees, or other investments.

The CARE Act sets forth additional criteria and restrictions for companies seeking this funding, as mentioned above. The Treasury and Federal Reserve will set additional criteria, but an Inspector General and Congress will have oversight on who gets the funds and how they are distributed.

### **Larger Business and Local Government Support**

The CARES Act provides \$454 billion, as well as any amounts not used by the airline industry, for loans, loan guarantees, and investments to provide liquidity to the financial system that supports lending to eligible businesses, States, or municipalities.

#### **Criteria to receive lending:**

- A borrower must certify that it is a U.S.-domiciled business and its employees are predominantly located in the U.S.;
- Alternative financing is not reasonably available to the business;
- Borrowers and their affiliates cannot engage in stock buybacks, unless contractually obligated, or pay dividends until the loan is no longer outstanding or one year after the date of the loan;
- Borrowers must, until September 30, 2020, maintain its employment levels as of March 24, 2020, to the extent practicable, and retain no less than 90 percent of its employees as of that date;
- Sets limits on employee compensation that no employee whose total compensation (salary, bonuses, awards of stock and other benefits) exceeds \$425,000 in 2019 (other than an

employee whose compensation is set through a collective bargaining agreement). This provision applied for two years;

- More criteria can be established by the Treasury and Federal Reserve.

***Loan Terms:***

- The loan is sufficiently secured or made at an interest rate that reflects the risk of the loan and, if possible, not less than an interest rate based on market conditions for comparable obligations before the coronavirus outbreak;
- The duration of the loan shall be as short as possible and shall not exceed 5 years;
- The loan cannot be forgiven.

**Oversight of Funds for Businesses Receiving Funding under Section 4003**

The CARES Act requires oversight of these loan funds by an Inspector General and special Congressional Oversight Committee. The IG will collect information on the loans to ensure all loan funds have been properly distributed and issue quarterly reports. The Congressional Committee is required to issue reports every 30 days.

It is not clear if businesses will be required to provide any information for oversight, but the information for the loans is public information unless prevented from disclosure for other reasons. It is also not clear if Treasury or the Federal Reserve would publicly disclose loan recipients online.

## Loans to Midsize Businesses and Nonprofits

Over \$500 billion was provided to the U.S. Treasury for the Economic Stabilization Fund to provide loans, loan guarantees, and other investments to businesses, states, and municipalities impacted by COVID-19. These loans will not be forgiven.

The U.S. Treasury and Federal Reserve have broad latitude to develop these programs, such as setting additional terms for eligible borrowers and required collateral. There are restrictions and criteria in place on businesses as enacted by the CARES Act.

**Where to direct businesses:** More information will become available from the U.S. Treasury and Federal Reserve to better direct businesses. The timing is unknown. The loans will be made available to banks and other lenders. Interested borrowers could reach out to their bank for more information as it becomes available.

**How it Works:** The bill invokes Federal 13(3) funding, which is an emergency loan program through the Federal Reserve in order to make funding available to bank and nonbank companies. It is similar to how funding was distributed during the 2008 financial crisis to the banks, except the Dodd-Frank Act instituted more restrictions on who can receive funding, i.e. funding is no longer available to aid “failing financial companies.”

For the purposes of the CARES Act, the Federal Reserve and the Treasury are directed to establish 13 (3) programs available to larger businesses, and midsize businesses and nonprofits for them to acquire loans, loan guarantees, or other investments.

The CARE Act sets forth additional criteria and restrictions for companies seeking this funding, as mentioned above. The Treasury and Federal Reserve will set additional criteria, but an Inspector General and Congress will have oversight on who gets the funds and how they are distributed.

### **Aid to Midsize Businesses and Nonprofits (between 500 and 10,000)**

As part of the \$454 billion made available, the Treasury Department will implement a special 13(3) facility through the Federal Reserve targeted specifically at nonprofit organizations and businesses between 500 and 10,000 employees. Again, the Federal Reserve will act as a lender of last resort and provide emergency lending to bank and nonbank companies by the Federal Reserve.

#### **Eligibility Terms:**

- Midsize business or nonprofit between 500 and 10,000 employees.
- Lending through a 13(3) facility established by the Federal Reserve must be broad-based, with verification that each participant is not insolvent and is unable to obtain adequate financing elsewhere.

#### **Loan Terms:**

- Interest rates cannot exceed 2% per year.
- First six months after the loan is made, or longer if the Secretary determines, no principal or interest shall be due.
- Treasury can issue a waiver for any program or facility, but must testify to Congressional Committees regarding reasons for the waiver.

- No loans will be forgiven.

**Restrictions on Loan Borrowers:** Eligible borrowers applying for direct loans under this program will be required to certify that:

- has not otherwise received adequate economic relief in the form of loans or loan guarantees provided by the CARE Act;
- the uncertainty of economic conditions makes the loan request necessary to support ongoing operations;
- Borrowers must, until September 30, 2020, maintain its employment levels as of March 24, 2020, to the extent practicable, and retain no less than 90 percent of its employees as of that date through September 30, 2020;
- Will not pay dividends or stock buybacks while the loan is outstanding, except for pre-existing obligations;
- Will not outsource or offshore jobs for the term of the loan plus an additional two years;
- Must be a U.S.-domiciled business and its employees are predominantly located in the U.S
- Is not in bankruptcy;
- Will not repeal collective bargaining agreements for term of loan, plus 2 years; and
- Will remain neutral in any union organizing effort for the term of the loan.
- Cannot repurchase an equity security that is listed on a national securities exchange of the business or parent company while the loan is outstanding.
- Sets limits on employee compensation that no employee whose total compensation (salary, bonuses, awards of stock and other benefits) exceeds \$425,000 in 2019 (other than an employee whose compensation is set through a collective bargaining agreement). This provision applied for two years.
  - No retirement or severance packages can exceed twice the maximum total compensation during 2019. Further, no officer or employee whose total compensation exceeded \$3,000,000 in 2019 may receive in excess of \$3,000,000 and 50 percent of the excess over \$3,000,000 of the total compensation received in 2019.
- Additional loan criteria and obligations are made per loan by the U.S. Treasury.
- The terms of these provisions expires March 1, 2022.

**Federal 13(3) Funds:** Requirements under Section 13(3) of the Federal Reserve Act, including requirements to loan collateralization, taxpayer protection and borrower solvency shall apply to these programs.

#### **Oversight of Funds for Businesses Receiving Funding under Section 4003**

The CARES Act requires oversight of these loan funds by an Inspector General and special Congressional Oversight Committee. The IG will collect information on the loans to ensure all loan funds have been properly distributed and issue quarterly reports. The Congressional Committee is required to issue reports every 30 days.

It is not clear if businesses will be required to provide any information for oversight, but the information for the loans is public information unless prevented from disclosure for other reasons. It is also not clear if Treasury or the Federal Reserve would publicly disclose loan recipients online.

## Tax Changes

### ***More information for businesses***

Interested businesses should consult a tax expert or reference the [IRS for updated guidance](#). The IRS website will be updated as more information becomes available.

### **Employee Retention Credit**

[The U.S. Treasury and IRS launched the Employee Retention Credit on March 31, 2020](#). Eligible entities can receive a refundable payroll tax credit for 50% of up to \$10,000 in qualified wages for retaining idled workers on their payrolls during the COVID pandemic.

Qualified wages are based on the average number of a business's employees in 2019. If the employer had more than 100 employees on average in 2019, then the credit is allowed only for wages paid to employees who did not work during the calendar quarter. For eligible employers with under 100 employees, all employee wages qualify for the credit. The credit is capped at the first \$10,000 of compensation, including health benefits. The provision is effective for wages paid or incurred from March 12, 2020 to January 1, 2021.

### ***Who is eligible?***

Employers regardless of size and tax-exempt organizations under 501(c) of the IRS, whose operations were fully or partially suspended due to a government shut-down order or gross receipts declined by more than 50% compared to the same quarter the previous year.

Small businesses who take a Paycheck Protection Program loan are not eligible for this tax credit.

### ***How do I receive the credit?***

[See FAQ from the U.S. Treasury](#) under "I am an eligible employer. How do I receive my credit?"

Interested businesses should continue to reference the [IRS for updated guidance](#).

### **Delay Payment of Employer Payroll Taxes**

All employers and self-employed individuals may defer the 6.2% employer share of Social Security taxes for two years.

### ***Additional Tax Changes***

- **Business Expense Deduction Changes:** Business Expense Deduction Limits are increased from 30% to 50% for 2019 and 2020.
- **Retail Tax:** Retailers, restaurateurs and hotels will be able to immediately deduct qualified property improvements and amend previous year filings.
- **Relaxes Net Operating Loss Limits:** Businesses will be allowed to carry net operating losses arising in the 2018, 2019, and 2020 tax years back five years. The taxable income limit is temporarily removed to allow a NOL to fully offset income for those years.
- **Alternative Minimum Tax:** Corporations are able to accelerate their ability to recover the AMT credits from previous years and claim any resulting refund.

## **Appropriations Made to Existing DCEO Programs**

### **Low Income Home Energy Assistance (\$900 million)**

- Illinois will receive \$41 million

### **Community Service Block Grant \$1billion**

- Illinois will receive \$47 million.

### **Community Development Block Grant \$5 billion**

- The money is divided up by: \$2 billion distributed directly to states and localities who received a FY20 formula allocation, \$1 billion to states to support a coordinated response across entitlement and non-entitlement communities, an additional \$2 billion allocated to states and localities based on based on prevalence and risk of COVID and related economic and housing disruption.

**State Trade Expansion Program** - allows federal grant funds appropriated in FY18 and FY19 to remain available for use through FY21. Permits state STEP participants to be reimbursed for events cancelled due to COVID as long as it does not exceed their federal grant.



## **Small Business Development Centers, Women's Business Centers and Minority Business Centers Receive Extra Funding**

Additional funding is made to SBDCs, WBCs, and Minority Business Centers and Chambers of Commerce to provide additional support to businesses impacted by COVID-19. The funding should support education, training, and advising for 'covered small business concerns' ie supply chain disruptions, staffing, decrease in gross receipts, closure.

Nationwide Appropriations Figures: SBDCs: \$240 million, WBCs (\$25million); and Minority Business Centers (\$10 million).

- Matching fund requirement waived for WBCs and Minority Business Centers for three months.
- SBA authorized to provide an association or associations representing resource partners with grants to establish a training program to educate SBDCs, WBCs, SCORE and Veterans' Business Outreach Center counselors on various federal resources available.

## Economic Impact Payment for Individuals

### Who is eligible?

Most individuals are eligible for a \$1,200 (\$2,400 joint filers) in direct payment from the federal government. \$500 will be available per dependent.

The amounts phase down for higher-income taxpayers. Individuals with incomes up to \$75,000 (\$150,000 married joint filers) will receive the full amount. The rebate will decrease for incomes over \$75,000 (\$150,000 married joint filers) and phased out for incomes over \$99,000 (\$198,000 joint).

### How will individuals receive the payments?

An individual's 2019 or 2018 tax returns will be used to determine checks. Social Security and Railroad Retirement recipients who did not file an income tax return will receive the credit based on information on their 2019 Social Security or Railroad Retirement Benefit Statement.

Otherwise eligible individuals who did not file a 2019 or 2018 income tax return and did not receive a 2019 SS or RR benefit statement would generally not receive the benefit in 2020

### How can I access this payment if I didn't file taxes?

In order to receive the benefit in 2020, [these individuals would need to file a 2019 income tax return](#). Alternatively, they could file and claim this benefit on their 2020 tax return next year.

The IRS has issued some guidance on the economic impact payments and directions of individuals that may need to file a simple tax form. [The FAQ is here](#). More information will continue to become available at the [IRS's website](#).