

Stimulus Resources for State and Local Associations

In recent weeks, Congress has adopted three bills aimed at stabilizing the economy, with more to come. As we work to ensure our members are aware of the new resources available to them, we want to also flag for you which of these new tools may be available to our state and local associations.

Small Business Administration Loans/Emergency Grants

Congress has expanded nonprofit access to the Small Business Administration's (SBA) Economic Injury Disaster Loan (EIDL) program. In general, businesses with fewer than 500 employees are eligible.

The EIDL program accepts applications from all 501(c) nonprofits. In addition to expanded nonprofit access to the EIDL program, the recently passed legislation creates a new EIDL emergency grant. EIDL applicants can request an up to \$10,000 advance on the loan that does not have to be paid back, even if the applicant does not subsequently qualify for an SBA loan.

To apply for a grant under this program, SBA requires applicants to certify that less than 50% of their funds are used on lobbying activity in a tax year. *

EIDL grants can be used to:

1. Provide sick leave to employees unable to work due to the effects of COVID-19;
2. Maintain payroll to retain employees;
3. Cover increased costs of materials due to interrupted supply chains;
4. Make rent or mortgage payments; or
5. Repay other obligations that cannot be met due to revenue losses.

* NAHB has been in close contact with the Small Business Administration in response to questions from our members regarding the COVID-19 Economic Injury Disaster Loan [application process](#).

The form requires COVID-19 Economic Injury Disaster Loan applicants to affirm that the "Applicant is not in the business of lobbying" to be eligible to receive funds. If your Association expends less than 50% of its funds on lobbying activity in a tax year, you may check this box on the application form. If your Association expends more than 50% of its funds on lobbying activity, please contact Alex Strong at 202-266-8279, astrong@nahb.org or Heather Voorman at 202-266-8425, hvoorman@nahb.org.

Funds received from the federal government during this time should not be used to pay for lobbying expenditures.

This EIDL summary does not constitute legal advice. Your association should always contact competent counsel prior to making any final application decisions to confirm that your association meets all eligibility requirements for assistance.



Employee Retention Tax Credit

Congress has created a new employee retention tax credit which your association may be eligible to use. Congress explicitly included as eligible businesses all 501(c) organizations that are exempt from tax under section 501(a) as eligible businesses.

The employee retention credit allows eligible businesses to claim a credit equal to 50 percent of the qualified wages per employee for a calendar quarter. The maximum qualified wages, per employee, is \$10,000 for all calendar quarters. Wages include employer-paid health insurance.

The credit is claimed against payroll taxes. The credit is refundable to the extent it exceeds payroll taxes.

To be eligible for the credit, the business must trigger one of two conditions:

1. The business is fully or partially shut down due to a government order;
2. Relative to the same quarter last year, the business sees a drop in gross receipts of 50 percent or more.

For businesses with 100 or fewer full-time employees, generally all wages, plus health insurance benefits, are eligible.

This credit is applicable to wages paid from March 12 until the end of the year, for quarters in which the business is eligible due to the two conditions listed.

Employers receiving a loan under section 7(a) of the Small Business Act are not eligible for the employee retention credit.

We expect the IRS to provide additional guidance on how to claim this credit.

EMPLOYEE RETENTION TAX CREDIT

Congress has created a new employee retention tax credit which your association may be eligible to use.

Emergency Sick Leave and Medical Leave

Congress has adopted a new mandate on all employers requiring 10-days of paid sick leave for employees affected by COVID-19. In addition, employees may be eligible for 12-weeks of paid leave under the Family and Medical Leave Act if their son or daughter's school closes or they otherwise have child care issues due to COVID-19. These mandates take effect on April 1.

To offset these costs, businesses can claim a tax credit to fully offset all wages, including employer-paid health insurance costs, paid out under this new mandate. To speed up delivery of the credits, Congress has recently added the ability for employers to get an advance refund on these credits.

Detailed information on these new requirements, as well as the tax credits, [can be found here](#).

Delay of Employer-Paid Payroll Tax Payments

Much of the economic stimulus package is focused on allowing business to preserve cash. One tool that may be available to you is the ability to delay employer-paid payroll taxes, allowing employers to retain that cash.

Important note: This is not a tax holiday.

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Unemployment Insurance

Congress has provided new resources to existing short-term compensation (STC) programs that will allow states to create new STC programs for employers that are having to choose between laying off or furloughing their employees to receive funding to keep those workers on their payroll. Currently, 27 states offer this option through their unemployment agencies. The STC program funding will be available for coverage during the weeks of unemployment through Dec. 31, 2020. However, these funds cannot be used for seasonal, temporary, or intermittent employees.

Congress also provided assistance to nonprofits, granting funds to states to reimburse them for half the costs they must pay into a state unemployment fund through Dec. 31, 2020.

Questions? Please contact us.

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NOTE: NAHB is providing this information for general information only. This information does not constitute the provision of legal advice, tax advice, accounting services, investment advice, or professional consulting of any kind nor should it be construed as such.

UNEMPLOYMENT INSURANCE

Congress has provided new resources to existing short-term compensation (STC) programs. The STC funds will be available through the end of the year.

For more information, visit the “Protect Your Business” section at NAHB.org/coronavirus

