

Small-Business Support

- PPP loans: \$284 billion for Paycheck Protection Program loans. Expanded eligibility for the loans to include non-profits and local newspapers, along with TV and radio stations. Also, \$15 billion would be reserved for live venues, independent movie theaters, and cultural institutions, which have been struggling due to pandemic-forced closures.
- New loans will be capped at \$2 million, compared to \$10 million before. Applicants must have no more than 300 employees and must demonstrate at least a 25% drop in revenues from the fourth quarter of 2019 to the same period this year.
- The bill expands the type of covered expenses to include things like cloud computing or remote-work software; and equipment for government-mandated sanitation and social-distancing, like sneeze guards or air filtration systems. It even covers “property damage and vandalism or looting due to public disturbances that occurred during 2020.”

Can You Get Another Loan?

- Possibly. These are called “second draw” loans, and if you meet the qualifications above, you can apply. The deadline for all new loans is March 31, 2021.
- New loan amounts are determined by a formula that involves payroll costs multiplied by a factor of 2.5 (again, capped at \$2 million). Restaurants and other hospitality businesses may multiply those costs by 3.5, making them eligible for slightly more funding.

How Will This Impact My Existing Forgiveness Application?

For loans under \$150,000, the process should be much easier. Other key items:

- In late 2020, the government simplified forgiveness applications for businesses that got less than \$50,000, requiring only a description of how much loan money was spent on payroll, and how many employees the recipient was able to retain as a result.
- The new bill increases that limit to \$150,000. Affected businesses will not need to submit documentation supporting their claims but should keep it on hand in case of an audit down the line.
- If you’ve already applied for and received forgiveness, none of the new provisions apply. But you can try to get a second loan.

Summary: Businesses that got a PPP loan when the program first went into effect now may apply for a "second draw," so long as they are not a public company, don't employ more than 300 people, have used or willfully use their first PPP loan, and can show at least a 25% drop in gross receipts in the first, second or third quarters of this year compared to the same quarter in 2019.