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A business guide to the December coronavirus relief package

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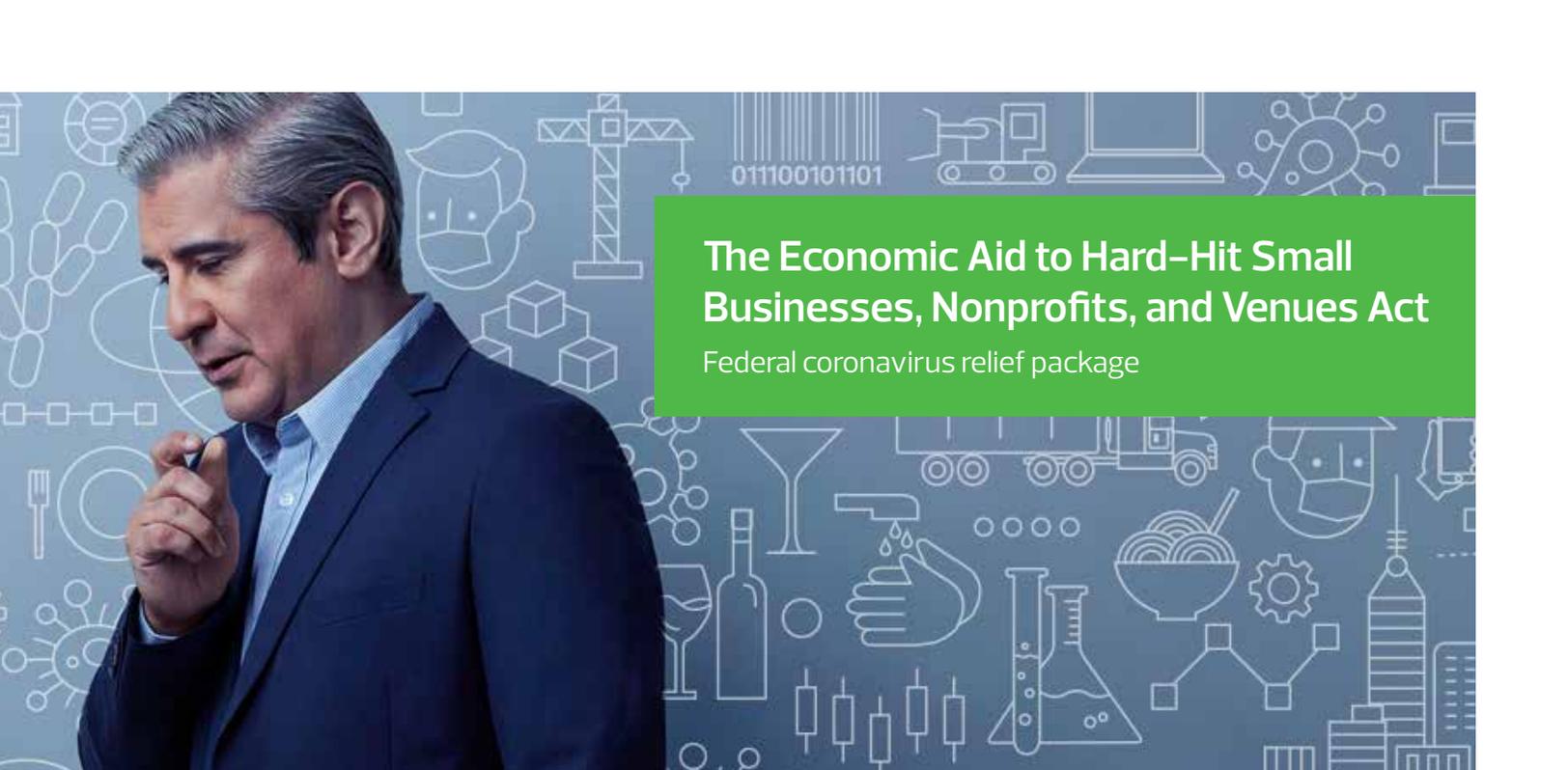
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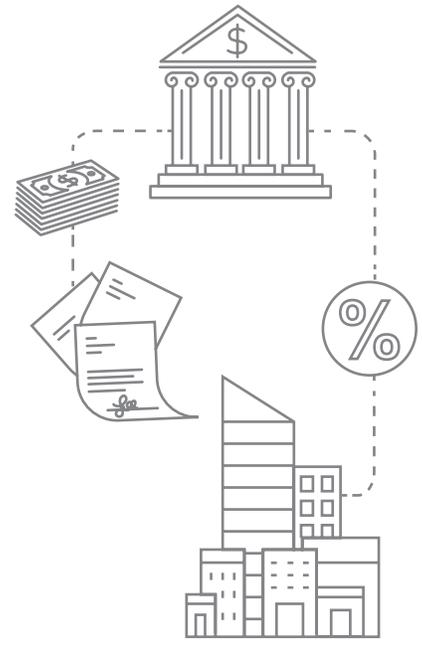
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The Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act

Federal coronavirus relief package

A business guide to the December federal coronavirus relief package



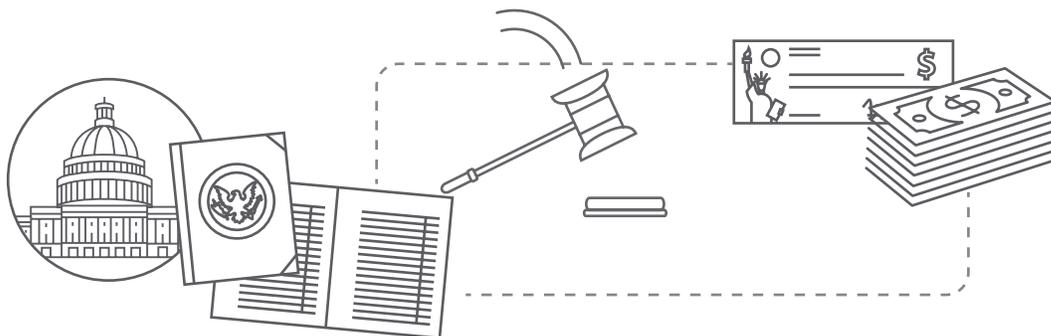
On Dec. 21, 2020, Congress passed the Consolidated Appropriations Act, 2021, containing one of the largest relief packages in history at more than \$900 billion. This relief package provides direct payments of up to \$600 to individuals, restores the Federal Pandemic Unemployment Compensation at \$300 per week, provides additional funding for the Small Business Administration's Paycheck Protection Program while allowing for certain borrowers to draw a second round of PPP funding, and includes grants for shuttered live venue operators.

The 5,593-page legislation also includes an extension of several provisions of the Coronavirus Aid, Relief and Economic Security Act, including paid sick and family leave credits, the employee retention credit, the airline payroll support program, and more.

The Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (part of the Consolidated Appropriations Act) includes \$284 billion in additional funding for the PPP, \$15 billion in grants for shuttered venue operators and \$20 billion in new Economic Injury Disaster Loan Assistance (EIDL) grants for eligible entities located in low-income communities. High-level details on each are below.

Program overview

	Paycheck Protection Program	Paycheck Protection Program second draw	Grants for shuttered venue operators	EIDL
Application dates	Opening of program through March 31, 2021	Opening of program through March 31, 2021	Initial grants will be awarded during two 14-day grant periods. During the first period, applicants must show at least 90% year-over-year revenue loss. During the second period, applications must show at least 70% year-over-year revenue loss. All other eligible recipients may apply for funding after the initial 28 days and must show at least a 25% year-over-year revenue loss.	Through Dec. 31, 2021
Funding	Over \$284 billion		\$15 billion, with \$2 billion of that set aside for persons who employ 50 or fewer full-time employees	\$20 billion
Maximum loan size	\$10 million	\$2 million	\$10 million The initial grant cannot exceed 45% of gross revenue for 2019 (or a prorated amount if the venue was not in operation as of Jan. 1, 2019). Supplemental grant is 50% of initial grant. The total of both grants cannot exceed \$10 million	\$10,000 (or amount equal to the difference of what the entity received under the CARES Act and \$10,000)
Terms	Loans forgiven if certain qualifications are met	Loans forgiven if certain qualifications are met	Cannot have a PPP loan and a grant in excess of \$10 million Grants do not have to be repaid	EIDL advance amount no longer needs to be deducted from PPP forgiveness amount, and borrowers can be made whole if they received forgiveness and EIDL was deducted from that amount Grants do not have to be repaid
Covered forgiveness period	Borrower can select anywhere between eight weeks and 24 weeks	Borrower can select anywhere between eight weeks and 24 weeks	N/A	N/A
Taxability	Loan forgiveness excluded from gross income; expenses deductible	Loan forgiveness excluded from gross income; expenses deductible	Excluded from gross income; expenses deductible	Excluded from gross income; expenses deductible



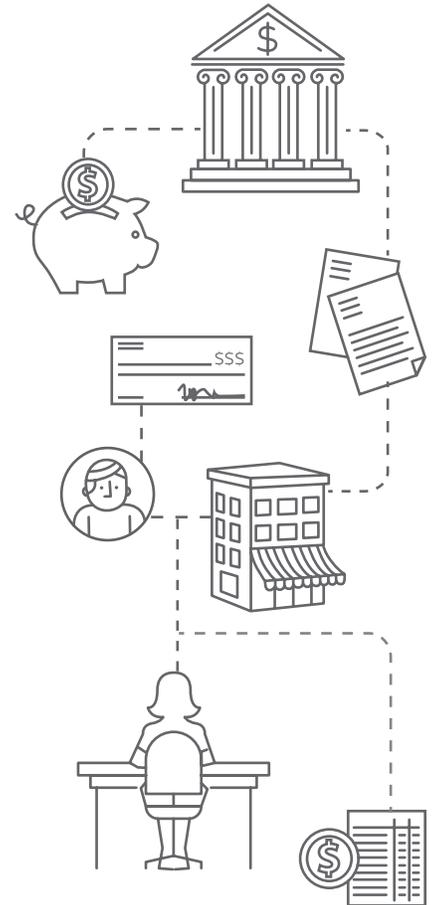
Is my business eligible for an initial or second-draw PPP loan?

Eligible borrowers for continued access to the PPP must meet the following criteria:

- Must be a small business concern, a 501(c)(3) organization, or meet the alternative size standard for SBA 7(a) loans
- Must have not more than 500 employees, unless borrower's business activity code begins with NAICS code 72, then not more than 500 employees per location
- Must not be an ineligible business as listed in 13 CFR 120.110 other than a business concern described in subsection (a) or (k)
- Certain section 501(c)(6) organizations and destination marketing organizations
 - Must have no more than 300 employees
 - Subject to limitations based on lobbying receipts/activities
- Certain local newspapers, TV and radio broadcasters

Eligible borrowers for a PPP second-draw loan are businesses that meet the following criteria:

- Must have used or will use the full amount of its initial PPP loan before the expected date of disbursement of the PPP second-draw loan
- Must employ not more than 300 employees
- Unless not in business during the specified quarters, must demonstrate a quarterly gross receipts reduction of at least 25% as compared to the same quarter in 2019
- Must not be an ineligible business as listed in 13 CFR 120.110 other than a business concern described in subsection (a) or (k)
- Must not be any business concern or entity primarily engaged in political or lobbying activities
- Must not be a business concern or entity that has certain ownership or organization under of the People's Republic of China or the Special Administrative Region of Hong Kong
- Must not retain as a member of the board of directors, a person who is a resident of the People's Republic of China, or any person required to submit a registration statement under section 2 of the Foreign Agents Registration Act of 1938



Which expenses are eligible for PPP loan forgiveness?

60% of payroll expenses*	40% of nonpayroll expenses	Under the provision, initial PPP borrowers and second-draw borrowers can now claim as nonpayroll costs, eligible for loan forgiveness: covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures. Payroll must still equal at least 60% of the loan forgiveness amount for all borrowers.
	Covered mortgage obligation Covered rent obligation Covered utility payment Covered operations expenditures Covered property damage costs Covered supplier costs Covered worker protection expenditures	

* Now includes group insurance payments

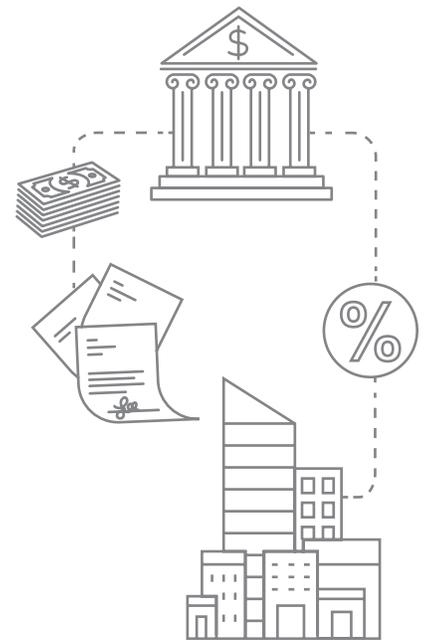
Tax deductibility

PPP expenses are now deductible for federal income tax purposes, and this change is retroactive for borrowers from the first round of the PPP. Loan forgiveness is exempt from taxation.

As provided above, grants for shuttered venues are also exempt from taxable income, with expenses deductible for federal income tax purposes.

Streamlined loan forgiveness procedures for PPP

The December relief bill also includes new parameters for PPP loan forgiveness for borrowers with covered loans up to \$150,000. Such borrowers will have a new one-page forgiveness form to allow the borrower to attest that the recipient complied with the requirements of PPP.



Is my business eligible for EIDL assistance?

Eligible entities must:

- Apply for a loan
- Be located in a low-income community as defined in section 45D(e) of the Internal Revenue Code of 1986
- Have suffered an economic loss of greater than 30% (over an eight-week period between March 2, 2020, and Dec. 31, 2021, as compared to an eight-week period prior to March 2, 2020, or in 2019)
- Employ not more than 300 employees

Relief extensions

Among the CARES Act provisions the new legislation extends is [section 3610](#), which applies to federal contractors and allows the federal government to modify contract terms and conditions to reimburse paid leave in certain situations. The extension is through March 31.

The funding package also allots \$15 billion to extend the airline payroll support program.

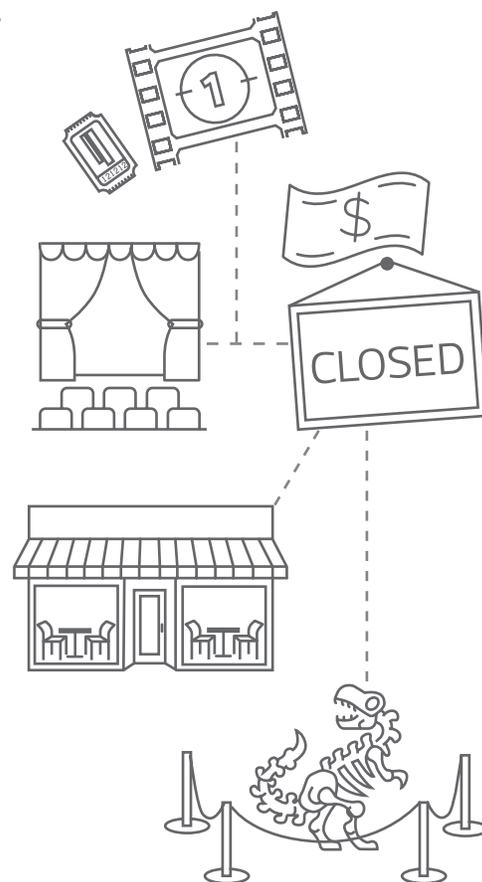
Grants for shuttered venue operators

Live venue operators or promoters, theatrical producers, independent motion picture theater operators, museum operators, or talent representatives may be eligible for grants under the act, provided they have resumed or intend to resume activities and meet the following criteria:

- Must have been fully operational as of Feb. 29, 2020
- Have at least 25% reduction in revenues (2020 quarter compared to same 2019 quarter)
- Must not be an issuer with securities listed on a national securities exchange
- Must not receive more than 10% of gross revenue from federal funding
- Additionally, no more than one of the following can be true for the applicant:
 - Owns or operates venues, motion picture theaters, museums, talent agencies, or talent management companies with offices in more than one country
 - Owns or operates venues or motion picture theaters in more than 10 states
 - Employs more than 500 employees, determined on a full-time equivalent basis, as of Feb. 29, 2020

There are also a number of qualifications for what constitutes a “live venue operator,” including staffing requirements. For example, in order to be included in this category, a venue must have:

- Defined performance and audience space
- Mixing equipment, PA system and lighting rig
- Paid ticket or cover charge
- Publicity surrounding events



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