

ASSEMBLYWOMAN NICOLE MALLIOTAKIS

CARES ACT RELIEF FOR SMALL BUSINESSES AFFECTED BY CORONAVIRUS

On March 27, 2020, President Trump signed the CARES Act into law. The CARES Act provides assistance to small businesses through the U.S. Small Business Administration.

Small businesses, sole proprietorships, independent contractors and private non-profit organizations in New York State that suffered substantial economic injury as a result of the COVID-19 epidemic are eligible for low-interest federal disaster loans through the SBA of up to \$2 million, and a grant of up to \$10,000, which may not have to be repaid, even if the loan application is denied. Applications are processed on a first-come, first-served basis and the \$10,000 grant should be paid within three days of an application. The streamlined application process can be found at <https://covid19relief.sba.gov>.

- **Loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of COVID-19's impact.**
- **The interest rate is 3.75% for small businesses without other available credit.**
- **The interest rate for non-profits is 2.75%.**
- **These loans offer long-term repayments up to 30 years.**
- **Terms are determined on a case-by-case basis.**
- **Apply for an SBA loan at [SBA.gov/disaster](https://sba.gov/disaster).**

Paycheck Protection Program

The CARES Act also creates the Paycheck Protection Program to provide small businesses (up to 500 employees) with funds to pay up to 8 weeks of payroll costs, including benefits. Funds can also be used to pay interest on mortgages, rent and utilities.

The funds will be issued as loans that are fully forgiven if the employer maintains or quickly rehires employees. The program covers small businesses, nonprofits, self-employed individuals, sole proprietorships and independent contractors. Because of funding caps, apply as quickly as possible through any SBA lender or federally-insured bank or credit union. For more information, visit <https://www.coronavirus.gov/smallbusiness>.

FAQ: Payroll Protection Program

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 certain expenses through existing SBA lenders.**
- **Starting April 10, 2020, independent contractors and self-employed individuals can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders.**
- **Other regulated lenders will be available to make these loans as soon as they are approved and enrolled in the program.**

What do I need to apply?

- **You will need to complete the Paycheck Protection Program loan application and submit the application with the required documentation to an approved lender that is available to process your application by June 30, 2020.**

How much of my loan will be forgiven?

- **You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan.**
- **Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs. You will also owe money if you do not maintain your staff and payroll.**
- **Number of Staff: Your loan forgiveness will be reduced if you decrease your full-time employee headcount.**
- **Level of Payroll: Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.**
- **Re-Hiring: You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.**

You may also visit www.sba.gov or www.treasury.gov to find more information about the Paycheck Protection Program and other resources offered through the CARES Act.