



BUSINESS TOOLKIT

COVID-19

The information contained within has been obtained from State and Federal sources as of the publication date. Information is subject to change. The Orange County Economic Development Corporation encourages all businesses to contact their local lending institution, financial or tax adviser, or legal counsel for clarification on any published programs.

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CARES ACT

The Coronavirus Aid, Relief, and Economic Security (CARES) Act allocated \$376 billion in relief to American workers and small businesses. In addition to traditional SBA funding programs, the CARES Act established several new temporary programs to address the COVID-19 outbreak.

The administration has released initial guidelines available at www.treasury.gov

TOOLKIT

This publication is intended to consolidate current business relief programs into a single source of information.

- Economic Injury Disaster Loan
- Paycheck Protection Program
- SBA Express Bridge Loan
- SBA Debt Relief
- Texas Workforce Commission
 - Unemployment
 - Report Filings
- Texas Comptroller of Public Accounts
 - Franchise Tax
 - Insurance Premium Tax
 - Motor Vehicle - Sale and Use Tax
 - Existing Payment Plans
 - Sales Tax
- Internal Revenue Service
 - Employee Retention Credit
 - Payroll Tax Delay
- Main Street Lending Program

This document does not intend to act as a sole source of programs. Additional opportunities may be available for specific businesses.

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SBA ECONOMIC INJURY DISASTER LOAN (EIDL)

www.sba.gov/tx/houston

Includes a loan advance that will provide up to \$10,000 of economic relief to businesses that are currently experiencing temporary difficulties.

- Loans up to \$2 million; no payments for 12 months
- 3.75% interest rate for small businesses; 2.75% for private non-profits.
- Long-term repayments up to 30 years
- Small businesses, Small Ag cooperatives, faith based and private non-profits are eligible
- May be used for fixed debts, payroll, accounts payable and other bills affected by the disaster
- May be approved solely on the applicant credit score.

WHO IS ELIGIBLE

This program is for any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization or 501(c)(19) veterans organizations affected by COVID-19.

Businesses in certain industries may have more than 500 employees if they meet the SBA's size standards for those industries.



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PROGRAM DETAILS

- No cost to apply; No obligation to take the loan (if offered)
- Amount is determined by SBA from your information
- Existing SBA Disaster or Business loans do not make you ineligible
 - Personal guarantee requirements:
 - None if loan is under \$200,000
 - If over \$200,000 then guarantee from all 20% or greater owners
- Collateral:
 - If over \$25,000 EIDLs require collateral
 - SBA will not decline for lack of collateral, but requires the pledge of what is available
 - Does not require primary residence in Texas

EIDL ADVANCE GRANT

Up to \$10,000

- Eligibility determined by self-certification
- Repayment is not required even if subsequently denied a loan
- Advance may be used for any purpose described in section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)), including:
 - paid employee sick leave if unable to work due to the direct effect of the COVID-19
 - payroll to retain employees
 - increased costs to obtain materials unavailable due to interrupted supply chains
 - rent or mortgage payments
 - obligations that cannot be met due to revenue losses

APPLY FOR THE ECONOMIC INJURY DISASTER LOAN AT
WWW.SBA.GOV/DISASTER



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PAYCHECK PROTECTION PROGRAM (PPP)

Intended to help small businesses with payroll and other operating expenses.

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.

The Paycheck Protection Program (“PPP”) authorizes up to \$349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis. All loan terms will be the same for everyone.

SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.

You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program.

You should consult with your local lender as to whether it is participating in the program.

The Paycheck Protection Program will be available through June 30, 2020.

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WHO IS ELIGIBLE

The following entities affected by Coronavirus (COVID-19) may be eligible:

- Any small business concern that meets SBA's size standards (either the industry based sized standard or the alternative size standard)
- Any business, 501(c)(3) non-profit organization, 501(c)(19) veterans organization, or Tribal business concern (sec. 31(b)(2) (C) of the Small Business Act) with the greater of:
 - 500 employees, or
 - That meets the SBA industry size standard if more than 500. Any business with a NAICS Code that begins with 72 (Accommodations and Food Services) that has more than one physical location and employs less than 500 per location
- Sole proprietors, independent contractors, and self-employed persons

Although the program is open until June 30, 2020, we encourage you to apply as quickly as you can because there is a funding cap and lenders need time to process your loan.



PROGRAM DETAILS

- Maturity of 2 years; interest rate of 1%
- Payments deferred for six months
- No collateral or personal guarantees required
- The Government nor lenders will charge small businesses any fees
- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and employee and compensation levels are maintained.

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HOW TO CALCULATE YOUR LOAN AMOUNT AVERAGE MONTHLY PAYROLL X 2.5 = LOAN AMOUNT

PPP FORGIVENESS

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels.

- Based on employer maintaining or quickly rehiring employees and maintaining salary levels
- Reduced if full-time headcount declines or if salaries and wages decrease
- Fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities
- At least 75% of the forgiven amount must have been used for payroll
- Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap.

HOW TO APPLY FOR PPP

- Apply through existing SBA 7(a) lenders
- Other lenders will be added as necessary or when approved as an authorized lender
- Lenders have begun processing applications as of April 3, 2020
- Check with your existing lender, or contact
- Supply payroll processor records, payroll tax filings, and if sole proprietorship, form 1099-MISC or income and expenses

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SBA EXPRESS BRIDGE LOAN

Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.

Express Bridge Loan Pilot Program allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly. These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loan or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan. If a small business has an urgent need for cash while waiting for a decision and disbursement on an Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.

SBA DEBT RELIEF

The SBA is providing a financial reprieve to small businesses during the COVID-19 pandemic.

As part of SBA's debt relief efforts:

- The SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans for a period of six months.
- The SBA will also automatically pay the principal, interest, and fees of new 7(a), 504, and microloans issued prior to September 27, 2020.

Additional debt relief:

- For current SBA Serviced Disaster (Home and Business) Loans: If your disaster loan was in “regular servicing” status on March 1, 2020, the SBA is providing automatic deferments through December 31, 2020.
- Borrowers that had SBA establish a PAD through Pay.gov will have to contact their SBA servicing office to cancel the PAD.
- Borrowers preferring to continue making regular payments during the deferment period may continue remitting payments during the deferment period. SBA will apply those payments normally as if there was no deferment.

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TEXAS WORKFORCE COMMISSION

WWW.TWC.TEXAS.GOV

UNEMPLOYMENT

At present, the U.S. government and Texas legislature have not changed any laws or rules concerning unemployment benefits during the pandemic. However, Department of Labor guidance provides that federal law permits significant flexibility for states to provide Unemployment Insurance (UI) services related to COVID-19. Based on this, **TWC will be waiving work search requirements for all claimants and the waiting week for those claimants affected by COVID-19.**

REPORT FILINGS

Due to COVID-19, the due date for the 1st Quarter 2020 tax reports and payments is extended to May 15, 2020. You may begin filing after April 15, 2020.

TEXAS COMPTROLLER

WWW.COMPTROLLER.TEXAS.GOV

FRANCHISE TAX

Texas Comptroller of Public Accounts is automatically extending the due date to file and pay the 2020 Texas franchise tax reports to July 15, 2020 to be consistent with the Internal Revenue Service (IRS). The due date extension applies to all franchise taxpayers. The extension is automatic, and franchise taxpayers do not need to file any additional forms.

INSURANCE PREMIUM TAX (INDEPENDENTLY PROCURED)

Texas Comptroller of Public Accounts will grant, upon request, a 60-day extension to July 15 to file and pay this tax. Taxpayers who have been granted the 60-day extension and need more time to file and pay this tax can apply for an additional 30-day extension on or before July 15.

TEXAS COMPTROLLER CONTINUED

MOTOR VEHICLE – SALES AND USE TAX

Texas Department of Motor Vehicles recently granted a temporary extension for the registration and titling of purchased vehicles. This will allow auto dealers and individuals more time before they have to appear in person at a county tax assessor-collector office (CTAC) to make these arrangements.

To preserve this accommodation, the Texas Comptroller's office is providing an extension of up to 90 days past the original due date to pay the motor vehicle tax due on these purchases.

EXISTING PAYMENT PLANS

To help taxpayers avoid default on existing payment plan agreements, the Comptroller's office will consider, on a case-by-case basis, postponement on the deadlines to remit payments to the Comptroller's office.

Postponement will only apply to existing payment plan agreements for periods prior to the February 2020 tax report.

The total amount due under the payment plan agreement will not be reduced. Postponed payments will be added to the end of the term of the agreement.

SALES TAX

The Texas Comptroller's Office is offering assistance in the form of short-term payment agreements and, in most instances, waivers of penalties and interest.

Contact the Enforcement Hotline at 800-252-8880 to learn about your options for remaining in compliance and avoiding interest and late fees on taxes due.

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EMPLOYEE RETENTION CREDIT

WWW.IRS.GOV

Authorized by the Internal Revenue Service, the Employee Retention Credit is designed to encourage businesses to keep employees on their payroll. The refundable tax credit is 50% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19.

WHO IS ELIGIBLE

The credit is available to all employers regardless of size, including tax-exempt organizations.

There are only two exceptions:

- State and local governments and their instrumentalities
- Small businesses who take small business loans

Qualifying employers must fall into one of two categories:

- The employer's business is fully or partially suspended by government order due to COVID-19 during the calendar quarter.
- The employer's gross receipts are below 50% of the comparable quarter in 2019. Once the employer's gross receipts go above 80% of a comparable quarter in 2019, they no longer qualify after the end of that quarter.

CALCULATED CREDIT

The amount of the credit is 50% of qualifying wages paid up to \$10,000 in total. Wages paid after March 12, 2020, and before Jan. 1, 2021, are eligible for the credit. Wages taken into account are not limited to cash payments, but also include a portion of the cost of employer provided health care.

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PAYROLL TAX DELAY

WWW.IRS.GOV

The CARES Act allows employers to postpone their 2020 payroll taxes through the end of 2022. Self-employed individuals can also delay the tax payment.

Under the provision, employers can now pay 50% by December 31, 2021, and they must pay the remaining amounts by December 31, 2022. Employers won't be eligible if they receive a loan under the Small Business Administration's Paycheck Protection Program.

MAIN STREET LOAN PROGRAM

WWW.FEDERALRESERVE.GOV

The Main Street New Loan Facility is intended to facilitate lending to small and medium-sized businesses by Eligible Lenders. Eligible Lenders are U.S. insured depository institutions, U.S. bank holding companies, and U.S. savings and loan holding companies.

WHO IS ELIGIBLE

- Businesses with up to 10,000 employees or up to \$2.5 billion in 2019 annual revenues.
- Each Eligible Borrower must be a business that is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States. Eligible
- Borrowers that participate in the Facility may not also participate in the MSELF or the Primary Market Corporate Credit Facility.

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PROGRAM DETAILS

An Eligible Loan is an unsecured term loan made by an Eligible Lender(s) to an Eligible Borrower that was originated on or after April 8, 2020, provided that the loan has the following features:

- 4 year maturity;
- Amortization of principal and interest deferred for one year;
- Adjustable rate of SOFR + 250-400 basis points;
- Minimum loan size of \$1 million;
- Maximum loan size that is the lesser of (i) \$25 million or (ii) an amount that, when added to the Eligible Borrower's existing outstanding and committed but undrawn debt, does not exceed four times the Eligible Borrower's 2019 earnings before interest, taxes, depreciation, and amortization ("EBITDA"); and
- Prepayment permitted without penalty.

PARTNER ORGANIZATIONS

For further assistance, contact a local partner organization

Small Business Development Center

(409) 880-2367

Small Business Administration Houston District Office

(713) 773-6500 or 1-800-659-2955

disastercustomerservice@sba.gov

Orange County Economic Development Corporation

(409) 883-7770

Orange County Office of Emergency Management

(409) 882-7895

SCORE

(713) 487-6565