

The background features a dark blue gradient with a subtle pattern of white dots. On the left side, there are several circular gauges and data visualization elements. One prominent gauge has a scale from 140 to 260 in increments of 10. Other gauges are partially visible, some with dashed lines and arrows indicating movement or trends. The overall aesthetic is technical and data-oriented.

# THE FEDERAL CARES ACT

# PROGRAMS FOR ALL EMPLOYERS

## **Payroll Taxes**

- Delay payment of employer payroll taxes (Social Security) between now and 1/1/21
- 50% due 12/31/21 and 50% due 12/31/22
- Does not apply to employers who have loans forgiven under Paycheck Protection Program

## **Tax Changes**

- Net Operating Loss (NOL) for '18, '19, & '20 can be carried back 5 years, suspend 80% limitation, extends to pass-throughs and sole proprietors
- Accelerate recovery of AMT credits
- Election to increase limit on interest deductibility to 50% for '19 & '20
- Qualified Improvement Property (QIP) fix

# ALL EMPLOYERS

## Employee Retention Credit

- Employers fully or partially shutdown or with 50% drop in gross receipts in a quarter compared to prior year (until return to 80%)
- Refundable tax credit for 50% of the wages (including employers health plan expenses) paid by the employer up to \$10,000 per employee
- Employers with more than 100 employees applies to employees not providing services
- Employers with 100 or less employees applies to all employees paid during the eligible period
- Employers are not eligible if they receive a Paycheck Protection Program loan • Allows for advance payment of the credit

# SMALL BUSINESSES, INDEPENDENT CONTRACTORS AND NON-PROFITS

## Paycheck Protection Program (PPP)

Loans for small business (generally less than 500 employees), 501(c)(3)s, self-employed, sole proprietors, and independent contractors. The program would provide cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans would be forgiven, which would help workers remain employed, as well as help affected small businesses and our economy snap-back quicker after the crisis.

- PPP has a host of attractive features
  - Forgiveness of up to 8 weeks of payroll based on employee retention and salary levels, no SBA fees, and at least six months of deferral with maximum deferrals of up to a year.
  - This program would be retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. Loans are available through June 30, 2020.
- Loans equal to the lesser of 2 ½ months of average payroll or \$10 million
- Loans by local and national lenders (Must use banks and credit unions to apply)
- Minimal requirements (e.g. no collateral, no personal guarantee)
- Loans convert to grants equal to amount spent on payroll, rent, interest on mortgage, and utilities for the 8 weeks after origination
- Loan forgiveness is reduced proportionally if the employer reduces number of FTEs
- Loan forgiveness is reduced if employer reduces wages by more than 25%
- Employer can avoid reduction in forgiveness if they bring back employees and restore wages generally within 30 days and maintain through June 30<sup>th</sup>

# SMALL BUSINESSES, INDEPENDENT CONTRACTORS AND NON-PROFITS

## SBA Economic Injury Disaster Loans (Economic Injury Disaster Loan EIDL)

- Small businesses and non-profits (including faith-based) with fewer than 500 employees, sole proprietors, independent contractors
- Up to \$2 million working capital loan up to 30-year term; 3.75% (2.75% non-profits)
- Payments deferred up to 1 year
- Loans based on credit scores; no tax returns required
- Up to \$200,000 without a personal guarantee
- No collateral for \$25,000 or less; general security interest instead of real-estate for larger loans
- \$10,000 emergency grant within 3 days that does not have to be repaid
- Interacts with Paycheck Protection Program
- Apply through [www.sba.gov/funding-programs/disaster-assistance](https://www.sba.gov/funding-programs/disaster-assistance)

# SMALL BUSINESS DEBT RELIEF PROGRAM

- This program will provide immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans.
- Under it, SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months.
- This relief will also be available to new borrowers who take out loans within six months of the President signing the bill into law.

# NM ECONOMIC DEVELOPMENT DEPARTMENT LOANS

The New Mexico Economic Development Department has created a program to assist businesses seeking emergency loans or lines of credit to deal with negative economic impacts from COVID-19.

- **NMEDD can guarantee a portion of a loan or line of credit up to 80 percent of principal or \$50,000.**
  - Example \$60,000 loan means \$48,000 is guaranteed by the State of NM
- Loan proceeds are flexible and can be used for things such as working capital, inventory and payroll (to name a few).
- NMEDD will guarantee loan up to 2 years. NOT limited to industry, length of time in business, number of employees. Business discloses how they are negatively impacted in application.
- The way it works is that the borrower approaches the lender; the lender applies for the program; the lender and NMEDD sign an agreement; the lender makes a loan; and NMEDD guarantees the loan in case of default.
- Lenders Participating in this Program
  - <https://docs.google.com/document/d/1RQIUC1rxUiYk5x0bBEjaHjsKMJezVn3zgl8AI9vSGUE/edit>

# PAID SICK LEAVE FOR SMALL BUSINESS & NON-PROFITS UNDER 500 EMPLOYEES

Employers with less than 500 employees are required to provide 10 days of paid sick leave, if leave is related to COVID-19

- Sick leave can be taken when ill, quarantined due to exposure, to take care of a sick or quarantined family member, or to take care of a child during a school closure
- Leave is paid at regular rate with a maximum of \$511 per day if taking care of self; paid at 2/3 rate with a maximum of \$200 per day if caring for family member
- Payment up to the maximum is reimbursed by the federal government
- Leave is in addition to any other leave an employer already provides
- Businesses with less than 50 employees may be exempt from providing leave related to caring for a child whose school or daycare is closed if providing leave threatens the viability of the business
- Paid sick leave is not available if an employee can telework



# FMLA FOR SMALL BUSINESS & NON-PROFITS UNDER 500 EMPLOYEES

Employers with less than 500 employees are required to provide up to 10 weeks of paid FMLA leave if an employee needs to take care of a child due to a school or child care closure caused by COVID-19

- Leave is paid at 2/3 regular pay at a maximum of \$200 per day and \$10,000 in the aggregate
- Paid FMLA is in addition to any leave an employer provides
- Payments for FMLA leave will be reimbursed by the federal government up to the maximum
- Businesses with less than 50 employees may be exempt from providing leave related to caring for a child whose school or daycare is closed if providing leave threatens the viability of the business
- Paid sick leave is not available if an employee can telework

# LARGE BUSINESS PROGRAM

## **Loans, Loan Guarantees, Federal Reserve Credit Facility**

- \$454 Billion to the Treasury Department for loans, loan guarantees, or to support Federal Reserve Credit Facilities
- Special programs for airline industry and critical national security businesses
- Restrictions on stock-buy-backs and executive compensation
- Likely to see new programs through the Federal Reserve that will support lending by financial institutions to businesses

# SOURCES OF INFORMATION

Organizations providing this information and supporting the business community

- US Chamber of Commerce
- NM Association of Chamber Executives
- NMACI
- SBA
- NM Workforce Solutions
- NM Economic Development
- Sandoval County