

NOTE: This guide is intended for informational purposes. Interested businesses should carefully consult this guide, regulations, and requirements issued by the administering federal agencies for authoritative information on eligibility, amounts of assistance, and other matters related to the programs outlined herein.

RESOURCES FOR HAWAII'S SMALL BUSINESSES

RECENTLY ENACTED FEDERAL LEGISLATION PROVIDES RESOURCES AND INITIATIVES TO ASSIST BUSINESSES IMPACTED BY THE COVID-19 PANDEMIC.

THIS GUIDE PROVIDES SUMMARY INFORMATION ABOUT MAJOR PROVISIONS THAT COULD OFFER CRITICAL SUPPORT TO HAWAII'S SMALL BUSINESSES AND WILL BE UPDATED PERIODICALLY (CURRENT AS OF MARCH 26 2021).



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• A VOICE FOR HAWAII IN THE U.S. SENATE •

U.S. SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM (PPP) FIRST DRAW

Summary of Assistance: Congress created PPP to provide forgivable loans for businesses and nonprofits that need assistance with payroll costs and related expenses due to COVID-19. Loan proceeds may be used for payroll, rent, utilities, and certain other expenses. Given the high demand for loans, Congress has extended PPP. Businesses and nonprofits interested in receiving loans should contact their lenders as soon as possible, as the deadline to apply for First Draw PPP loans is May 31, 2021.

Responsible Federal Agency: U.S. Treasury Department (Treasury), U.S. Small Business Administration (SBA)

Note: Financial assistance is provided through banks, credit unions, and other financial institutions.

Type of Assistance: Loans to cover payroll costs and related expenses that may be forgiven if businesses and nonprofits meet certain requirements. Maximum loan: \$10 million.

Eligibility Entities: The following entities may be eligible for “First Draw” loans through PPP:

- Small businesses, 501(c)(3) nonprofit organizations, 501(c)(19) veterans organizations, tribal businesses, and small agricultural cooperatives with no more than 500 employees, and certain businesses that otherwise meet the applicable North American Industry Classification System (NAICS) size standards.
- Sole proprietors, independent contractors, and eligible self-employed individuals.
- Housing cooperatives, eligible 501(c)(6) nonprofit organizations, and eligible destination marketing organizations with no more than 300 employees.
- Newspapers, TV and radio broadcasters, and nonprofit public broadcasters.
- Seasonal employers that meet certain requirements.

Note: SBA affiliation rules have been waived for certain accommodation and food services businesses (NAICS 72), news organizations (NAICS 511110 or 5151), and franchises. Businesses and nonprofits must have been in operation on February 15, 2020.

How to Apply: Given the high demand for loans, businesses, nonprofits and other entities that are interested should contact approved lenders as soon as possible.

Current SBA 7(a) lenders are approved for PPP, and Treasury is responsible for authorizing new lenders. Farm Credit System Institutions are also authorized to issue loans. Guidance is available on the SBA [website](https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program/first-draw-ppp-loans), and more information is available here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program/first-draw-ppp-loans>.

The deadline to apply for loans is May 31, 2021.

U.S. SMALL BUSINESS ADMINISTRATION SECOND DRAW PPP

Summary of Assistance: Congress expanded PPP to provide second round loans for businesses and nonprofits that need assistance with payroll costs and related expenses due to COVID-19. Loan proceeds may be used for payroll, rent, utilities, and certain other expenses. Businesses and nonprofits interested in receiving second round loans should contact their lenders as soon as possible, as the deadline to apply for loans is May 31, 2021. Not all businesses that received first round loans will be eligible for second round loans.

Responsible Federal Agency: U.S. Treasury Department (Treasury), U.S. Small Business Administration (SBA)

Note: Financial assistance is provided through banks, credit unions, and other financial institutions.

Type of Assistance: Loans to cover payroll costs and related expenses that may be forgiven if businesses and nonprofits meet certain requirements. Maximum loan: \$2 million.

Eligibility Entities: The following entities may be eligible for “Second Draw” loans through PPP:

- Small businesses, nonprofit organizations, sole proprietors, independent contractors, self-employed individuals, housing cooperatives, veterans organizations, tribal businesses, and news organizations that:
 - Have no more than 300 employees;
 - Have used, or will use, the full amount of their First Draw PPP; and
 - Have experienced at least a 25 percent reduction in revenue.

Note: Businesses and nonprofits are required to use their First Draw PPP Loans on or before the expected date on which their Second Draw PPP Loan will be disbursed.

How to Apply: Given the high demand for loans, businesses, nonprofits and other entities that are interested should contact approved lenders as soon as possible.

Current SBA 7(a) lenders are approved for PPP, and Treasury is responsible for authorizing new lenders. Farm Credit System Institutions are also authorized to issue loans. Guidance is available on the SBA [website](#), and more information is also available here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program/second-draw-ppp-loans>.

The deadline to apply for loans is May 31, 2021.

Local Resources: Local businesses and nonprofits with additional questions about the program should contact [Hawaii SBA](#), or [Hawaii SBDC](#), for more information.

U.S. SBA ECONOMIC INJURY DISASTER LOAN (EIDL) PROGRAM

Summary of Assistance: Congress expanded EIDL to provide direct loans for businesses that need assistance due to COVID-19, and recently extended the program through December 31, 2021. Certain businesses may also be eligible for EIDL Advance, which has been updated to provide grants to borrowers in low-income communities.

Responsible Federal Agency: U.S. Small Business Administration (SBA)

Type of Assistance: Direct loans for businesses and nonprofits. Maximum loan: \$2 million. Grants for borrowers in low-income communities. Maximum grant: \$10,000.

Eligibility Entities: The following entities may be eligible for loans through EIDL:

- Small businesses, nonprofit organizations, sole proprietors, independent contractors, tribal businesses, small agricultural cooperatives and other cooperatives, and employee owned businesses with no more than 500 employees, and businesses that otherwise meet the applicable NAICS size standards.

How to Apply: Businesses and other entities that are interested can apply for EIDL loans on the SBA's website, here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/covid-19-economic-injury-disaster-loans>. More information is also available about EIDL Advance for borrowers in low-income communities.

Local Resources: Local businesses with additional questions about these SBA programs and others should reach out to [Hawaii SBA](#) or [Hawaii SBDC](#) for more information.



U.S. SMALL BUSINESS ADMINISTRATION SHUTTERED VENUE OPERATORS GRANT (SVOG)

Summary of Assistance: Congress created SVOG to provide grants for businesses and nonprofits that need assistance due to COVID-19. SBA recently released guidance for the program.

Responsible Federal Agency: U.S. Small Business Administration (SBA)

Type of Assistance: Grants for businesses and nonprofits. Maximum grant: \$10 million.

Eligibility Entities: The following entities may be eligible for grants through SVOG:

- Live venue operators or promoters.
- Theatrical producers.
- Live performing arts organization operators.
- Relevant museum operators, zoos and aquariums.
- Motion picture theater operators.
- Talent representatives.

Note: Businesses and nonprofits must have been in operation on February 29, 2020, and venues and promoters must not have received a PPP loan on or after December 27, 2020.

How to Apply: SBA will begin to accept applications on April 8, 2021. Businesses, nonprofits, and other entities that are interested will be able to apply for grants on SBA's website, here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/shuttered-venue-operators-grant>. More information is also available on the SBA [website](#).

Local Resources: Local businesses with additional questions about these SBA programs and others should reach out to [Hawaii SBA](#) or [Hawaii SBDC](#) for more information.

U.S. SMALL BUSINESS ADMINISTRATION RESTAURANT REVITALIZATION FUND (RRF)

Summary of Assistance: Congress created RRF to provide grants for restaurants that need assistance due to COVID-19. SBA is developing guidance for the program.

Responsible Federal Agency: U.S. Small Business Administration (SBA)

Type of Assistance: Grants for restaurants that have experienced substantial revenue losses. Maximum grant: \$10 million.

Eligibility Entities: The following entities may be eligible for grants through RRF:

- Restaurants, food stands, food trucks, food carts, caterers, saloons, inns, taverns, bars, lounges, brewpubs, tasting rooms, taprooms, and other entities.

Note: Businesses and nonprofits must have been in operation on February 29, 2020, and venues and promoters must not have received a PPP loan on or after December 27, 2020.

How to Apply: SBA has not yet opened the application process for RRF grants. More information should be available in the coming weeks.

Local Resources: Local businesses with additional questions about these SBA programs and others should reach out to [Hawaii SBA](#) or [Hawaii SBDC](#) for more information.

TAX PROVISIONS

The federal Internal Revenue Service (IRS) continues to issue guidance and other information related to individual and business specific tax provisions, which can be found at: <https://www.irs.gov/coronavirus>.

NOTE: *The following summaries are intended to provide general information about key revisions to federal tax laws enacted by Congress. It is not intended to be authoritative or exhaustive, or to supplant formal guidance from the IRS or tax professionals. For all tax-related matters interested businesses should consult tax professionals.*

- **Employee Retention Credit:** Congress has extended the Employee Retention Tax Credit (ERTC) for businesses and other entities that have experienced mandatory closures or economic hardship due to COVID-19. The credit is available to businesses, nonprofits, and certain other employers whose operations have been fully or partially suspended due to government orders limiting commerce, travel, or group meetings, or who have experienced substantial revenue declines during the calendar quarter.

Starting January 1, 2021, the credit rate will be increased to 70 percent of qualified wages paid by eligible employers to certain employees during COVID-19. The credit will also be expanded to reduce the required year-over-year quarterly revenue declines to 20 percent. Businesses with 500 or fewer full-time employees are able to claim all wages paid to employees regardless of whether employees are furloughed. The credit is provided for wages and compensation, including health benefits, up to \$10,000 per employee per quarter, and is available to employers through June 30, 2021.

- **Paid Sick and Family Leave Tax Credit:** Congress has extended the refundable payroll tax credit for paid sick and family leave, enacted in the Families First Coronavirus Response Act (FFCRA), through March 31, 2021. Employers who elect to provide paid leave may receive the payroll tax credit for such leave. More information is available on the IRS [website](#).
- **Employer Payroll Taxes:** Congress previously allowed taxpayers to defer paying the employer portion of certain payroll taxes through December 31, 2020, with all deferred amounts due in two equal installments—one at the end of 2021, and the other at the end of 2022. Payroll taxes that can be deferred include the employer portion of Federal Insurance Contributions Act (FICA) taxes, the employer and employee representative portion of the Railroad Retirement taxes (that are attributable to the employer FICA rate), and half of Self-Employed Contributions Act (SECA) tax liability.
- **Clarification of Tax Treatment of Paycheck Protection Program (PPP) Loans:** Congress has clarified that loans forgiven through PPP will not be included in taxable income, and that otherwise allowable deductions are allowed for expenses paid with proceeds of a forgiven PPP loan. The same tax treatment also applies to Economic Injury Disaster Loan (EIDL) grants, grants for shuttered venues, and certain other loan repayment assistance programs.