



ECONOMIC
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COVID-19 STATE AND FEDERAL RESOURCES 12-23-2020 Updates & Small Business Resources

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The EDC has prepared this COVID-19 Federal and State Resources guide to address the new small business resources announced in December 2020. Many of these resources are still being developed and the EDC will be actively working with the organizations listed below as the new programs roll out. Follow the links to learn more information when applicable.

NEWLY ANNOUNCED STATE RESOURCES

California Governor Newsom addressed the State of California Thursday, December 3rd, 2020 regarding the new Regional Stay Home Order. This affects regions with less than 15% ICU availability. Please refer to your specific county's communications to determine new business operation restrictions.

Review the newest California small business resources below.

State and Local Tax Extension

California businesses will experience immediate relief in the form of tax deferrals. Small businesses are encouraged to use the sale tax they have already collected to float any applicable obligations. The tax extension is based on sales made and sales tax collected as follows:

- Provides an automatic three-month extension for taxpayers filing less than \$1 million in sales tax on the return.
- Extend the availability existing interest and penalty free payment agreements to companies with up to \$5 million in taxable sales. Note- businesses in this category must fill out an online form.
- Broaden opportunities for more businesses to enter into interest-free payment arrangements.
- Expand interest-free payment options for larger businesses particularly affected by significant restrictions on operations based on COVID-19 transmissions.

For more information [CLICK HERE](#).

Main Street Hiring Tax Credit

On September 9, 2020, the Governor signed Senate Bill 1447 establishing \$100 million in hiring tax credits to small businesses with 100 or fewer employees as of December 31, 2019.

- An eligible small business can receive \$1,000 tax credit for each net new hire that occurred during the second half of 2020 (up to a maximum tax credit of \$100,000 per business).
- The tax credit can be used against personal and corporate income tax liabilities or sales and use tax liabilities from the 2020 tax year.
- To qualify, the small business must experience a 50% decrease in gross receipts in the Second Quarter of 2020 compared to the Second Quarter of 2019.
- In addition, the small business must have a net increase in new hires between July 2020 through November 2020 as compared with the prior quarter (April 2020 through June 2020).

Small businesses must apply for a tax credit registration between December 1, 2020 and January 15, 2021 with the California Department of Tax & Fee Administration (CDTFA). Applications will be processed on a first-come, first-served basis; it is important to apply as early as possible. For more information and to book your reservation [CLICK HERE](#).

California Small Business COVID-19 Relief Grant

FIRST APPLICATION WINDOW OPENS DECEMBER 30, 2020 AT 6:00 AM AND CLOSES JANUARY 8, 2021 AT 11:59 PM. Round 2 will be announced in the near future.

The Governor announced the creation of a \$500 million COVID-19 Relief Grant administered by the California Office of the Small Business Advocate (CalOSBA) at the Governor's Office of Business and Economic Development for small businesses that have been impacted by COVID-19 and the health and safety restrictions. Funds will be awarded to selected intermediaries with established networks of Community Development Financial Institutions to distribute relief through grants of up to \$25,000 to underserved micro and small businesses throughout the state. Cultural institutions and non-profits are also eligible for these grants.

- This grant program is **NOT** first-come, first-served. Please take the time to prepare all necessary documentation and carefully review your application.
- One complete application will qualify you to be considered for both rounds, please only apply once.
- Applicants with multiple business entities, franchises, locations, etc. are not eligible for multiple grants and are only allowed to apply once using their eligible small business with the highest revenue.
- Eligible small businesses or nonprofits must have been operating since at least June 1, 2019.
- Applicants will need to certify that the application is being submitted on behalf of the applicant by the majority owner of the applicant as a condition to receiving the grant.
- Funds may be used for eligible costs incurred due to the COVID-19 pandemic and the health and safety restrictions, such as business interruptions or business closures incurred as a result of the COVID-19 pandemic.
- Necessary documentation includes: Government Issued Photo Id; Latest filed tax returns – 2018 or 2019; and Copy of official filing with the California Secretary of State, if applicable, or local municipality for the business such Articles of Incorporation, Certificate of Organization, Fictitious Name of Registration or Government-Issued Business License.

Ongoing webinars are available daily in multiple languages to discuss the grant program, eligibility requirements, what the funding can be used for, the application, required documents, and who to contact for assistance [CLICK HERE TO REGISTER](#).

For more information on eligibility, grant amounts, determination factors and where to apply [CLICK HERE](#).

NEWLY ANNOUNCED FEDERAL RESOURCES

Congress approved a new stimulus package on Sunday, December 20th, 2020 providing funding for the federal government through the remainder of fiscal year 2021 and the latest installment of COVID-19 related measures. Below is a brief synopsis of the information related to PPP, SBA Loans, the Emergency Capital Investment Program and Unemployment Insurance.

The SBA and Department of Treasury have not released their formal announcement and information regarding the roll out of the programs listed below. The EDC will be actively engaged with these organizations as the situation develops.

Review the newest federal small business resources below.

Paycheck Protection Program Updates

Under new legislation the Paycheck Protection Program will reopen, date to be determined through March 31, 2021. Updates as follows:

- Increases the PPP loan amount for restaurants and hotels from 2.5x payroll to 3.5x, providing an extra month's worth of payroll support.
- Simplifies the PPP loan forgiveness application for loans under \$150,000, requiring a one-page letter from the borrower to the lender stipulating basic criteria and providing simple, high-level details.
- Tax related updates:
 - Deductions are allowed for deductible expenses paid for by any forgiven amount from the PPP loan.
 - Expansion of list of eligible expenses to include:
 - Software, tech, cloud computing, and other human resources and accounting needs
 - Covered property damage associated with 'disturbances' happening during 2020
 - Covered health and safety expenses (PPE, testing, etc.)
 - Covered supplier costs (supplies, inventory, etc.)
 - Benefits such as life insurance, disability insurance, vision and dental insurance
 - Gross income does not include any forgivable amount of the PPP loan.
- Borrower may select their covered period end date, between 8 and 24 weeks after origination.
- Codifies rules for faith-based organizations and churches to ensure they keep their eligibility.
- Expands PPP eligibility to include 501(c)6s, destination marketing organizations (DMOs), housing cooperatives, newspapers, broadcasters and radio stations. Effective date is 'as if it were included in the CARES Act', meaning 501(c)6 organizations are effectively retroactively eligible. Criteria for 501(c)6 Organizations to receive PPP:
 - For organizations with less than 300 employees
 - Not more than 15% of gross receipts from lobbying activities
 - Not more than 15% of organization activity constitutes lobbying
 - Not a professional sports league or political campaign or activity
- Repeals a provision from the CARES Act requiring PPP recipients to deduct their EIDL advance from their PPP loan forgiveness amount.
- Extends the repayment period of deferred payroll taxes through December 31, 2021. Penalties and interest on deferred unpaid tax liability will not accrue until January 1, 2022.
- PPP eligibility for small businesses interested in receiving a second loan:
 - Max loan amount of \$2 million
 - For organizations with less than 300 employees
 - Must have used or will use the full amount of first PPP loan
 - Must show at least a 25% reduction in revenue in the first, second, or third quarter of 2020 as compared to the same period in 2019; applications submitted on or after January 1, 2021, may use a fourth quarter 2020/2019 comparison
 - 60/40 cost allocation between payroll and non-payroll costs to receive full forgiveness remains the same for 2nd PPP loan

Economic Injury Disaster Loan

THE EIDL APPLICATION WINDOW CLOSSES DECEMBER 31, 2020.

Small businesses, small agricultural cooperatives and most private nonprofit organizations located in a declared disaster area and which have suffered substantial economic injury may be eligible for an SBA Economic Injury Disaster Loan (EIDL). For more information [CLICK HERE](#).

Unemployment Insurance

- Pandemic Unemployment Assistance (PUA, for those self-employed, freelancers or independent contractors, is extended until March 14, 2021, and the maximum number of weeks of eligibility is extended from 39 weeks to 50 weeks.
- Federal Pandemic Unemployment Compensation (FPUC), an additional payment for those collecting certain unemployment insurance benefits (including regular unemployment compensation, PUA and PEUC), is reinstated at \$300 per week from the week after December 26, 2020 and runs through March 14, 2021.
- Pandemic Emergency Unemployment Compensation (PEUC), for those who have exhausted their regular unemployment compensation benefits, is extended until March 14, 2021 and the number of weeks of eligibility is extended from 13 weeks to 24 weeks.

LOCAL NO-COST BUSINESS CONSULTING AND BUSINESS LOANS

If your business has experienced economic injury due to the impact of COVID-19, you do not have walk alone. The EDC's top-tier Small Business Development Center Advisors are available to discuss your business needs and provide access to the EDC's [Disaster Bridge Loan Fund](#).

Get started today by calling 805.409.9159 (ENGLISH) or 805.309.5874 (SPANISH).