

## **CARES ACT FOR ALPINE BUSINESSES AND RESIDENTS**

This document summarizes potential benefits available to Alpine Businesses in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This is a preliminary summary primarily to give businesses an idea of where to put their efforts in getting maximum benefit from the legislation. The City of Alpine will try to aid our businesses and residents in getting assistance navigating the new rules and determining eligibility for benefits, but we encourage everyone to be proactive and explore the possibilities for themselves.

The summary follows the bill section by section with notes added in the parts that seemed relevant for our local community. These are the sections that were most promising:

### **Best Bets for Affected Businesses:**

- Sec 1102 – Paycheck Protection Program with loan forgiveness (Sec 1105)
- Sec 2108 – “Short-Time” Compensation gives benefits to employees without cost to businesses when hours are cut (rather than laying off workers)

### **Possible Additional Business Benefits:**

- Sec 2301 – Refundable Payroll Tax Credit for hotels / bars / restaurants (or others shut down by government order)
- Sec 2302 – Payroll and self-employment tax deferral (to be paid over two years, at the end of 2021 and 2022)
- Sec 2303 – Broadens the use of Net Operating Losses to offset taxable income for a company
- Sec 2304 – Modifies loss limitation for pass-through and sole proprietors to use excess business losses for cash flow to maintain operations and payroll
- Sec 2306 – Increases business interest allowed for business tax deductions
- Sec 2307 – Businesses (especially hospitality businesses) can immediately write off facility improvement costs (rather than 39-yr depreciation). Can apply to last year’s return and can be used for post-virus improvements
- Sec 4023 - Forbearance of loan payments on federally backed mortgages for multifamily developments

### **Benefits for Alpine Workers / Residents:**

- Sec 2102 – Expanded unemployment benefits
- Sec 2201 – Direct payments to everyone
- Sec 4022 – No foreclosures of federally backed mortgages (if non-payment is related to COVID-19)
- Sec 4024 – 120-day moratorium on evictions

## **DIVISION A - KEEPING WORKERS PAID & EMPLOYED, HEALTH CARE SYSTEM ENHANCEMENTS, ECONOMIC STABILIZATION**

### **Title I - Keeping American Workers Paid and Employed**

#### Sec 1102 – Paycheck Protection Program

These are loans that can be used salaries, insurance, mortgage, rent, utilities. Most importantly, you don't have to pay them back! See Sec 1105 below.

Most of our businesses should be eligible: smaller than 500 employees, operational and paying staff or contractors as of Feb 15, 2020. No collateral or personal guarantee required. The maximum loan amount is tied to payroll costs. Requires a good faith certification that the loan is necessary because of COVID-19.

Sec 1103 – This section may benefit SBDC for training

#### Sec 1105 - Loan Forgiveness

Gives forgiveness for an 8-week period of spending on wages, mortgage, rent, utilities. Compares payroll and bills against the same period of the previous year to ensure consistency. Allows extra wages to tipped workers. Forgiven loan amounts will not be taxable as income.

Need to apply for the forgiveness within 1 year!

#### Sec 1110 – Emergency Economic Injury Disaster Loan (EIDL) Grants

EIDL's are the SBA disaster loans that became available after the Governor requested Texas' eligibility for that program.

Sole proprietors & independent contractors are eligible for this grant, which provides advance funds towards an EIDL loan. HOWEVER, there is no indication that the EIDL loan principal could be forgiven like the paycheck protection program above.

Sec 1112 – Covers existing SBA loan payments for a period of time. If there are any locals eligible, they are probably SBDC clients

Sec 1113 – Widens eligibility for bankruptcy

Sec 1114 – Requires SBA to establish new regulations within 15 days (so we may have to wait that long after the bill passes to begin getting these benefits)

### **Title II - Assistance for Workers, Families, Businesses**

Sec 2102 – Pandemic Unemployment Insurance

Extends unemployment coverage to self-employed, contractors, etc who lose work from COVID-19

Sec 2104 – Provides an additional \$600 per week for those receiving unemployment for up to 4 months

Sec 2105 – Funding to begin unemployment coverage immediately (rather than waiting a week). Governor Abbott has already waived the 1-week waiting period for Texas.

Sec 2107 – Extends unemployment benefits for 13 weeks beyond what the States allow

Sec 2108 – Funds for states that offer “Short-Time Compensation” (which includes Texas). Businesses who cut hours instead of laying off staff can provide a partial unemployment benefit at no cost to the business!

Sec 2109 – Funding to states who don’t offer “Short-Time Compensation” to help them start.

Sec 2110 – Grants for the same purpose as 2109

Subtitle B – Rebates

Sec 2201 – These are the direct payments to people we have been hearing so much about. They will not have to do anything to get it.

Sec 2202 – No early withdrawal penalty for IRAs (for coronavirus-related reasons: medical, lost work, etc), and the amount withdrawn can be put back within three years regardless of the usual annual maximum contribution.

Sec 2203 – Removes required distributions from IRAs

Sec 2204 – Allows up to \$300 income tax deduction for charitable contributions, even if you don’t itemize.

Sec 2205 – Raises deduction amounts for charitable contributions if you do itemize

Sec 2206 – Allows tax-free payments of student loans by employers

Subtitle C – Business Provisions

Sec 2301 – Provides a refundable payroll tax credit to employers for wages if (1) fully or partially shut down by a govt order or (2) gross receipts 50+% down from last year.

For businesses with 100 employees or less the credit applies to all wages. There are some limitations for businesses with 100+ employees.

Sec 2302 – Deferrals for payroll and self-employment taxes (after the delay, they can be paid over a two-year period, at the end of 2021 and 2022)

Sec 2303 – Broadens the use of Net Operating Losses to offset taxable income for a business.

Sec 2304 – Modifies loss limitation for pass-through and sole proprietors so they can use excess business losses for cash flow to maintain operations and payroll.

Sec 2305 – Allows wider use of corporate alternative minimum tax credits (though this is unlikely to apply to businesses in Alpine)

Sec 2306 – Increases business interest allowed for business tax deductions

Sec 2307 – Businesses (especially hospitality businesses) can immediately write off facility improvement costs rather than applying a 39-year depreciation. This can apply to last year's return and can also be used for post-coronavirus improvements

### **Title III – Health Care**

Subtitle A – Health Provisions

Part 1 – Supply Shortages

Subpart A – Medical Product Supplies

Subpart B – Emergency Drug Shortages

Subpart C – Medical Device Shortages

Part 2 – Health Care for COVID-19 Patients

Subpart A – Coverage of Testing & Preventive Services

Subpart B – Support for Health Care Providers

Subpart C – Misc Provisions

Part 3 – Innovation

## Part 4 – Health Care Workforce

### Subtitle B – Education

Research is needed to determine potential benefits to Sul Ross.

### Subtitle C – Labor Provisions

These benefits presumably apply only to health care workers.

### Subtitle D – Finance Committee

A lot of telehealth provisions, medicaid, etc

### Subtitle E – Health & Human Services Extenders

#### Part 1 – Medicare Provisions

#### Part 2 – Medicaid Provisions

#### Part 3 – Human Services & Other Health Programs

##### Sec 3824 – Extension of Temporary Assistance for Needy Families through Nov 30, 2020

There is a possible benefit here for eligible Alpine families. More research is needed.

#### Part 4 – Public Health Provisions

##### Sec 3832 – Diabetes programs

More research is needed to determine if there will be any benefit here for Alpine residents with diabetes.

#### Part 5 – Misc Provisions

Subtitle F – Over-the-Counter Drugs

Part 1 – OTC Drug Review

Part 2 – User Fees

## **Title IV – Economic Stabilization and Assistance to Severely Distressed Sectors of the Economy**

Subtitle A – Coronavirus Stabilization Act of 2020

Sec 4003 – Non-forgivable loans for businesses that need more cash flow, with significant requirement criteria under Federal Reserve 13(3) lending. This applies only to businesses of 500-10,000 employees.

Subtitle A also includes several provisions loosening lending regulations for banks.

Sec 4022 – Moratorium on foreclosures of federally backed mortgages (up to 180 days if affected by COVID-19)

Sec 4023 - Forbearance of loan payments on federally backed multifamily mortgages

Sec 4024 – 120-day moratorium on evictions

Subtitle B – Air Carrier Worker Support

## **Title V - Coronavirus Relief Funds**

Sec 5001 – Provides funding for states. Some of this may become available to Brewster County or the City of Alpine.

## **Title VI - Misc Provisions**

## **TEXAS WORKFORCE COMMISSION:**

\*\* For INDIVIDUALS who have lost their employment due to closures related to the COVID-19 pandemic.

The MAIN STATE PHONE NUMBER for benefits is 1-800-939-6631, Mon - Fri 8am to 6pm CST or online at [ui.texasworkforce.org](http://ui.texasworkforce.org).

While physical offices in both Alpine and Presidio are closed, staff are still available to assist people needing to apply for Unemployment benefits, need further information, to walk them through the process, and to register for work (requirement for UI benefits).

\*Alpine staff can be reached at 915-887-2383.

\*Presidio staff can be reached at 915-887-2392.

Both Alpine and Presidio offices/staff serve the entire Big Bend region, including the following counties: Brewster, Presidio, Jeff Davis, Culberson and Hudspeth.

## **SRSU SMALL BUSINESS CENTER:**

\*\* For Small Business Owners who are impacted by closures and protocol associated with COVID-19 pandemic.

While their physical office is closed to the public, local staff from the Small Business Center is available to help applicants navigate the current options and application for aid by phone or virtual meetings.

Please call 432/837-8694 and be prepared to leave a message for staff to call you back. Links to current funding options and applications can be found on their website at: <https://disasterloan.sba.gov/ela/>