

## Small Business FY21 Omnibus and Stimulus Provisions Summary

A total of \$325 billion, including \$284 billion in loans through the Paycheck Protection Program (PPP) for first and second forgivable loan. The bill expands the list of PPP eligible expenses to include covered operations (software, cloud computing, and other human resources and accounting needs); property damage costs due to public disturbances that occurred during 2020 that are not covered by insurance; covered supplier costs; and covered worker protection expenditures (PPE).

### COVID-19 Stimulus

#### \$284 Billion for Paycheck Protection Program (PPP)

- Reopen and strengthen the PPP for the first time and second time borrowers; extends the time of the program to March 31, 2021 and authorization level for PPP to \$806.5 billion
- Expands list of eligible expenses to include covered operations (software, cloud computing, and other human resources and accounting needs); property damage costs due to public disturbances that occurred during 2020 that are not covered by insurance; covered supplier costs; and covered worker protection expenditures (PPE)
- The maximum loan amount for a second PPP draw will be reduced to \$2 million
- Loan Forgiveness
  - Creates a simplified PPP loan forgiveness application for loans under \$150,000 whereby the borrower signs and submits a one-page certification that requires the borrower to list the loan amount, the number of employees retained, and the estimated total amount of the loan spent on payroll costs
  - The 60/40 cost allocation between payroll and non-payroll costs in order to receive full forgiveness will continue to apply
- Develops a process for a small business to receive a second PPP if the small business has less than 300 employees and can demonstrate a revenue reduction of 25 percent
- Increases the PPP loan amount for NAICS 72 businesses (Accommodations and Food Service)
- Direct appropriations:
  - \$25 million for the Minority Business Development Centers program under the Minority Business Development Agency (MBDA)
  - \$50 million for PPP auditing and fraud mitigation purposes
  - \$20 billion for the Targeted EIDL Advance program, of which \$20 million for the Inspector General
  - \$57 million for the Microloan program
  - \$3.5 billion for the Debt Relief program
  - \$15 billion for grants for live venues
- Extends the cover period for all PPP loans through March 31, 2021, applies to loans made before, on, or after the date of enactment including forgiveness of such loans
- Borrowers could deduct eligible expenses paid for with forgiven PPP loans, effectively reversing guidance from the Internal Revenue Service
- Clarification that gross income does not include any amount that would otherwise arise from the forgiveness of a Paycheck Protection Program (PPP) loan.
- Deductions are allowed for otherwise deductible expenses paid with the proceeds of a PPP loan that is forgiven, and that the tax basis and other attributes of the borrower's assets will not be reduced as a result of the loan forgiveness. The provision is effective as of the date of enactment of the CARES Act. The provision provides similar treatment

for Second Draw PPP loans, effective for tax years ending after the date of enactment of the provision.

- Clarification that gross income does not include forgiveness of certain loans, emergency EIDL grants, and certain loan repayment assistance, each as provided by the CARES Act.
- Deductions are allowed for otherwise deductible expenses paid with the amounts not included in income by this section, and that tax basis and other attributes will not be reduced as a result of those amounts being excluded from gross income. This is effective for tax years ending after date of enactment of the CARES Act and applies to Targeted EIDL advances and Grants for Shuttered Venue Operators, effective for tax years ending after the date of enactment of the provision.

#### 7(a), 504, and Microloan Program Enhancements

- Supplies \$2 billion to enhance the SBA's existing government guarantee loan programs, including the 7(a) Loan Program, the 504 Loan Program, and the Microloan Program
- Waives borrower and lender fees within the 7(a) and 504 loan programs
- Increases the 7(a)-loan-guarantee to 90 percent
- Temporarily extends the \$1 million-dollar loan limit for SBA Express Loans, beginning January 1, 2021 until October 1, 2021, reverting to \$500,000
- Establishes a 504 Express Loan Program
- Enhances the Microloan program to provide financial and technical assistance to businesses impacted by the COVID-19 pandemic

Extension of participation of [8\(a\) Program](#) to seek an enrollment extension of 1 year.

#### \$20 Billion: Targeted Economic Injury Disaster Loan (EIDL) Advance Program

- Restart and extend the SBA's EIDL Advance Grant for small businesses in low-income communities
- Creates a process for existing EIDL Advance grantees that received less than \$10,000 to reapply for the difference between what they received and the maximum EIDL Advance Grant of \$10,000
- Extends cover period for EDIL grants through December 31, 2021
- Allows certain EDIL borrowers to also apply for a PPP loan

#### \$3 Billion: Community Development Investment (CDFI)

- Provide grants and other financial assistance to CDFIs, including CDFI loan funds, as they serve consumers, small businesses, and nonprofits in their communities. Of the total funds, \$1.25 billion will be available until September 30, 2021, for the CDFI Fund to award grants and other financial and technical assistance to help CDFIs serve their communities responding to the economic hardships created by the pandemic, including \$25 million reserved to benefit Native American, Native Hawaiian, and Alaska Native communities.

#### \$9 Billion: Emergency Capital Investment Program (ECIP)

Administered by the Department of the Treasury, to provide low-cost, long-term capital investments to minority depository institutions (MDIs) and community development financial institutions (CDFIs) that are depository institutions. \$4 billion will be set aside for eligible institutions with less than \$2 billion in total assets, with \$2 billion of that amount reserved for eligible institutions with less than \$500 million in total assets.

## Omnibus Small Business Provisions

### Division C: Department of Defense Appropriation Act, 2021

- \$34 Million for the Automated Test and Retest (ATRT) program and focus on funding this with The Small Business Innovation Research Program (SBIR). The SBIR is designed to attract small technology companies to participate in federally sponsored research and development in order to enable advances in innovative technology disruption. The agreement includes a total of \$34,797,000 for the Automated Test and Retest (ATRT) program, which has produced transformative technology, including the ATRT/AEGIS Virtual Twin. Additionally, the Secretary of the Navy is directed to adhere to SBIR law and use SBIR awardees to the greatest extent practicable thus allowing and assisting SBIR awardees to commercialize technologies related to those developed under SBIR Phase I, II, and III awards.

### Division E: Financial Services and General Government Appropriation Act, 2021

- \$270 Billion for the [Community Development Financial Institutions \(CDFI\) Fund](#) program
- The bill limits the total loan principal for the CDFI Bond Guarantee program to \$500,000,000.
- The bill provides \$272 million for SBA Entrepreneurial Development Programs
  - \$2.8 million for technical assistance within contracting process for the SBA.
  - \$3 million for the Cybersecurity for Small Business pilot program under SBA.
  - \$5.5 million for PRIME Technical Assistance.
  - \$500,000 to continue competitively awarding grants for applied research to develop a system for integrating sensors. The expectation remains that by working with partners, such as academic institutions, small businesses, and other government research organizations.
  - \$23 million for Women's Business Centers (WBC)
- \$1 million: For FAST awards to SBTDCs fully accredited for technology designation as of December 31, 2020 Federal and State Technology Partnership (FAST) Program.-The FAST program's efforts to reach innovative, technology-driven small businesses and to leverage the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) program to stimulate economic development.
- \$778.9 million for SBA and \$142.9 million in disaster cap adjustment funds for SBA Disaster Loans.
  - Includes \$272 million for Entrepreneurial Development Programs, an increase of \$11 million above the FY 2020 level and \$104.4 million above the budget request, including:
    - \$136 million for Small Business Development Centers;
    - \$23 million for Women's Business Centers;
    - \$35 million for Microloan Technical Assistance; and
    - \$19.5 million for the State Trade Expansion Program (STEP).

### Division L: Transportation, Housing, and Urban Development and Related Agencies Appropriation Act, 2021

- Small business innovation research (SBIR): directs the Department to place an increased focus on making SBIR awards to firms with fewer than 50 people
- \$4.7 million: For small and disadvantaged business utilization and outreach, to remain available until September 30, 2022.

Division EE: Tax Extenders

Employee retention tax credit modifications

- Provides that employers who receive Paycheck Protection Program (PPP) loans may still qualify for the Employee retention tax credit (ERTC) with respect to wages that are not paid for with forgiven PPP proceeds. Extends and expands the ERTC through June 30, 2021.

Division FF: Other Matters

- Executory Contracts and Unexpired Leases. Provides small businesses that have experienced COVID-related hardship relief on unexpired leases and generally extends the time period for addressing unexpired leases. This provision sunsets 2 years after enactment.