ALEXANDRIA LOCAL BUSINESS CORONAVIRUS SURVIVAL KIT

Dear Business Owner,

The small businesses within our community provide jobs and economic growth to our island, and local businesses like yours are feeling the impact of the pandemic the most. Our coffee shops, restaurants, gyms, and pet stores are all closed; our friends and family members are losing jobs; our way of living possibly changed forever.

As local and state governments issue shelter-in-place orders, small local businesses across the U.S. are facing difficult decisions. We all know that we should have a plan for what to do in case of an emergency, but planning ahead for a crisis is often left until there is no time to prepare. The resulting confusion, panic, and chaos only serve to make matters worse.

That's the situation many local businesses find themselves in with the outbreak of COVID-19 (the coronavirus). Most current and would-be customers are practicing social distancing by staying inside, canceling plans, and avoiding crowded spaces. And small and local businesses are scared and unprepared.

No organization will be immune to the impact of this pandemic and the measures being taken to slow the spread of coronavirus. Here are just some of the issues local businesses may encounter:

- Access to capital to make payroll, maintain inventory, and respond to market fluctuations (both sudden drops and surges in demand).
- Ensuring employees have the ability to fulfill their duties in a safe environment while being protected from exposure to the virus.
- Not having adequate supplies of inventory for a sustained period or failing to diversify distributor sources in the event one supplier cannot meet an order request.
- The cost of increasing the frequency and intensity of cleaning and sanitation of areas and surfaces frequently used by employees and visitors.
- Mandatory movement restrictions are keeping customers from reaching local business locations and public concerns about public exposure.
- An increased need for marketing that communicates to customers what protective measures are in place and promotions to incentivize returning as soon as possible.

It's already clear that local businesses are being hit hardest. While small businesses struggle to make the right choices during this crisis, we want to give you access to the information and tools available so you can take full advantage of the resources available.

And it's all here in the Maui Small Business Coronavirus Survival Kit!

The CARES Act

The CARES Act provides financial relief to businesses, 501(c)(3) organizations, self-employed individuals, and independent contractors. This act was approved March 28th, but as of yet these funds are not available and you should watch for more information about when you can apply for CARES Act programs.

The most prominent relief will come through a $350B program whereby the federal government will pay for 8 weeks of essential expenses such as payroll and rent to carry businesses through this difficult period. Known as the Paycheck Protection Program, the initiative provides 100% federally guaranteed loans to small businesses.

You CAN APPLY Now for Economic Injury Disaster loans directly through the SBA at https://covid19relief.sba.gov. There are no loan fees, guarantee fees or prepayment fees. As of March 30, the new streamlined online application is up and running. Make sure to apply for Economic Injury for the Coronavirus, rather than physical damage due to another disaster (that is a different declaration number).

It's important to note that these loans may be forgiven if borrowers maintain their payrolls during the crisis or restore their payrolls afterward.

You are eligible if you are:

- A small business with fewer than 500 employees
- A small business that otherwise meets the SBA's size standard
- A 501(c)(3) with fewer than 500 employees
- An individual who operates as a sole proprietor
- An individual who operates as an independent contractor
- A self-employed individual who regularly carries on any trade or business
- A Tribal business concern that meets the SBA size standard
- A 501(c)(19) Veterans Organization that meets the SBA size standard

The CARES Act

What To Do About Employees

The information below outlines the options available to businesses to obtain financial relief, manage payroll, evaluate layoffs, and manage paid sick leave once the CARES Act starts distributing funds.

OPTION 1: Keep Employees on Payroll or Re-Hire Them

RESOURCE: SBA Paycheck Protection Program (PPP)

(Most likely loans will be done by applying through your current banks SBA loan process)

FUNDS MUST BE USED FOR:

- Payroll and commission payments
- Group health insurance costs
- Mortgage interest & any other debt obligation incurred prior to the covered period
- Rent (including rent under lease agreement), Utilities

RESOURCE: Economic Injury Disaster Loan (up to $10k - You can apply now)

May provide a faster infusion of cash prior to receiving a PPP loan.

- Narrower employer eligibility than PPP
- Credit history reviewed for the ability to repay
- Must meet the SBA's industry-based size standard requirements for the applicable NAICS code
- Must exhaust other sources of borrowing first
- Up to $2M loan amounts
- Covers payroll, fixed debts, accounts payable

RESOURCE: Emergency EIDL Grants

An option for self-employed individuals, with or without employees, or independent contractors. FUNDS MUST BE USED FOR:

- Providing sick leave to employees directly affected by COVID-19
- Payroll costs
- Meeting increased costs due to interrupted supply chains
- Rent or mortgage payments
- Repaying obligations that cannot be met due to revenue losses
- No personal guarantee
- Available for any business in operation prior to January 31, 2020
- Approval may be based solely on the credit score of the applicant

The CARES Act

RESOURCE: Express Bridge Loans

Can be used to cover expenses while the PPP Loan or EIDL applications are being processed..

- Issued by an SBA Express Lender to eligible small businesses with which the business had an existing banking relationship with on or before the date of the disaster
- Up to $25k - Term loan of up to 7 years
- The Lender may charge up to 6.5% over the Prime Rate, in addition to a limited amount of loan fees
- No collateral/unsecured

RESOURCE: Employee Retention Credit

Not available if the employer takes a PPP loan. Applies to employers whose operations were fully or partially suspended due to a COVID-19 government-mandated shut-down order or gross receipts declined by greater than 50% compared to the same quarter in the prior year. If under 100 full-time employees, all employee wages eligible.

OPTION 2: Paid Leave

If the small business is qualified, this is effective April 1, 2020 - December 31, 2020.

HOW MUCH REIMBURSABLE PAID LEAVE CAN YOU GET:

- Two (2) weeks of 100% paid leave (capped at $511/day or $5110 total) reimbursed as tax credits.
- Two (2) weeks of two-thirds (⅔) paid leave (capped at $511/day or $5110 total) reimbursed as tax credits.
- Additional 10 weeks (for a total of 12 weeks) of two-thirds (⅔) paid leave (capped at $200/day or $12,000 total for the 12 weeks) for employees who need to care for children whose schools are closed, or child care is unavailable.

The CARES Act

OPTION 3 - Unemployment Insurance

Hawaii provides a max of $648/week (about $55k annual salary) for 26 weeks. CARES Act will provide an additional $600/week for four weeks (even if this takes the employee above their pre-unemployment earnings level). And Unemployment insurance is being expanded to include self-employed individuals and independent contractors.

Unemployment typically provides about a 60% wage replacement for employees. However, the additional $600/week for four weeks should provide full pay (or more) to laid-off employees for a month. The CARES Act extends regular unemployment benefits to 39 weeks total.

Tax Breaks

The CARES Act provides other forms of tax relief for businesses, including loosening requirements for net operating losses, and limitations on business interest deductions. The IRS has established a special section focused on steps to help taxpayers, businesses, and others affected by the coronavirus. For more information, visit https://www.irs.gov/coronavirus.

Economic Impact Payments - The distribution of economic impact payments will begin in April 2020 and will be distributed automatically, with no action required for most people. However, some seniors and others who typically do not file returns will need to submit a simple tax return to receive the stimulus payment.

Payroll Tax Deferral - Allows taxpayers to defer paying the employer portion of certain payroll taxes through the end of 2020, with all 2020 deferred amounts due in two equal installments, one at the end of 2021, the other at the end of 2022.

Net Operating Loss Deduction - Changes to Net Operating Loss Rules to use losses today against past profits to claim refunds. The CARES Act temporarily reverses changes to how net operating losses can be carried back. Losses from 2018, 2019, and 2020 will be permitted to be carried back for up to five years (or forego the carryback and instead carry the loss forward) for 2019 and 2020 income.

*****This information is provided for informational purposes only and is not intended as legal or tax advice. Please consult your attorney or accountant to discuss your particular business situation.*****

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CORONAVIRUS SMALL BUSINESS SURVIVAL KIT RESOURCES

Virginia Unemployment Commission

https://vec.virginia.gov - Online Forms

The local unemployment offices remain closed to walk-in and in-person services. Individuals may file online between 6:30 a.m. to 11:00 p.m. (EST), Monday to Friday, or between 9:00 a.m. to 11:00 p.m. (EST) on weekends and holidays.

To schedule an appointment for over-the-phone applications: (866) 832-2363

Virginia Small Business Development Center

https://virginiasbdc.org

4031 University Dr #100 Farifax, VA 22030

CONTACT: (703) 227-7703

Customizable Flyer to Communicate Coronavirus Efforts

https://www.uschamber.com/sites/default/files/coronavirus_customizable_flyer-final.pdf

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SBA Emergency Loans

https://www.sba.gov/funding-programs/loans

- **7(a) program** offers loan amounts up to $5,000,000 and is an all-inclusive loan program deployed by lending partners for eligible small businesses within the U.S. States and its territories. The uses of proceeds include working capital, expansion/renovation, new construction, purchase of land or buildings, purchase of equipment and fixtures, leasehold improvements, refinancing debt for compelling reasons, a seasonal line of credit, inventory, or starting a business.
- **Express loan program** provides loans up to $350,000 for no more than 7 years with an option to revolve. There is a turnaround time of 36 hours for approval or denial of a completed application. The uses of proceeds are the same as the standard 7(a) loan.
- **Community Advantage loan pilot program** allows mission-based lenders to assist small businesses in underserved markets with a maximum loan size of $250,000. The uses of proceeds are the same as the standard 7(a) loan.
- **504 loan program** is designed to foster economic development and job creation and/or retention. The eligible use of proceeds is limited to the acquisition, or eligible refinance of fixed assets.
- **Microloan program** involves making loans through nonprofit lending organizations to underserved markets. Authorized use of loan proceeds includes working capital, supplies, machinery & equipment, and fixtures (does not include real estate). The maximum loan amount is $50,000, with the average loan size of $14,000.

SBA provides export loans to help small businesses achieve sales through exports and can help these businesses respond to opportunities and challenges associated with trade, such as COVID-19. The loans are available to U.S. small businesses that export directly overseas, or those that export indirectly by selling to a customer that then exports their products.

- Export Express loan program allows access to capital quickly for businesses that need financing up to $500,000. Businesses can apply for a line of credit or term note prior to finalizing an export sale or while pursuing opportunities overseas, such as identifying a new overseas customer should an export sale be lost due to COVID-19.
- Export Working Capital program enables small businesses to fulfill export orders and finance international sales by providing revolving lines of credit or transaction-based financing of up to $5 million. Businesses could use a loan to obtain or retain overseas customers by offering attractive payment terms.

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United States SBA Loan Resources Links

Paycheck Protection Program

Economic Injury Disaster Loans and Loan Advance

SBA Debt Relief

SBA Express Bridge Loans

SBA Coronavirus Programs Guide

Business Resources

SBA Emergency Preparedness Guide

CDC Interim Guidance for Businesses and Employers

FORBES Small Business Relief Tracker - Funding, Grants, and Resources list for small businesses.

Google My Business Coronavirus Update Tips from Google

National Cyber Security Alliance COVID-19 Security Resource Library

Options if Small Business Can't Pay Bills Due to Corona

Facebook Business Resilience Toolkit

Facebook Quick Action Emergency Response Guide

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National Small Business Financial Assistance

Facebook Small Business Grants Program

James Beard Foundation Food and Beverage Industry Relief Fund

Kiva US Small Business Loans

Opportunity Fund COVID-19 Small Business Relief Fund

Restaurant Workers Community Foundation COVID-19 Relief Fund

The Main Street Initiative by Mainvest

Small Business Administration Disaster Loan Assistance

Verizon and LISC Small Business Recovery Fund

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GET MORE INFORMATION ON COVID-19 AND CORONAVIRUS

Trusted Sources for Pandemic and Response Information:

World Health Organization

U.S. Center for Disease Control

Hawaii Department of Health -

For the latest local COVID-19 updates.

The U.S. Chamber Coronavirus Response Toolkit -

The U.S. Chamber has compiled CDC's coronavirus recommendations for businesses and workers across the country.

The coronavirus crisis is a story with an unclear ending. What is clear is that the human impact is already tragic and that we must act immediately to protect ourselves and our communities while addressing unique business challenges and risks.

Share what you know and help where you can.

webABCs

Making Online Business Simple!