**A Potential Lifeline for Small Businesses**

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As businesses across the country shut down amid efforts to contain the spread of coronavirus, some have faced steep drops in revenue, along with employee layoffs, and are struggling to stay afloat. There are roughly 31 million small businesses that employ 59 million workers across the nation, according to the Small Business Administration. I believe the auction industry and our members should be paying close attention to the legislation called the Coronavirus Aid, Relief and Economic Security Act. This is a 350 billion dollar loan and grant program for businesses with fewer than 500 employees and includes sole proprietors, independent contractors, and anyone otherwise self-employed.

In my other article I discussed how individuals are affected with the Families First Coronavirus Response Act (FFCRA). Several components of the FFCRA affect small businesses, including paid sick and family leave. Additionally, small businesses are allowed refundable payroll tax credits to cover the cost of providing the paid sick and family leave.

* Employers receive 100% tax credit against their payroll tax liability up to the capped amount of benefits they must pay.
* Health insurance costs are included in the credit.
* Self-employed individuals receive an equivalent credit.
* Refunds will be expedited.
* Reimbursement will be quick and easy to obtain.

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) has a number of components aimed at helping small businesses survive and recover from losses suffered during the coronavirus outbreak. Key components of the CARES Act include a loan program from the SBA, changes to unemployment benefits, and changes to business tax filings.

1. Small Business Paycheck Protection Program:  Allows businesses to borrow enough to cover up to 250% of average monthly payroll costs for business up to 8 weeks. If the loan is used for payroll, mortgage interest, rent, utilities, or other qualified expenses, the loan will be forgiven. The employer must maintain the same number of full-time employees they had from January 1 to February 24, 2020 or February 15 – June 30 (business’s choice). Portions of this loan that are not forgiven (like buying inventory) are subject to an interest rate of 4% with a term of up to 10 years.
2. Economic Injury Disaster Loans (EIDL):  Are available for small businesses up to $2 million. These applicants can receive an emergency grant up to $10,000 within 3 days of the loan application being received. The purpose of the grant is to allow businesses to meet expenses and obligations that cannot be paid with revenue losses. This emergency grant does not have to be repaid, even if the business does not qualify for an EIDL. Similar to the Paycheck Protection Program, EIDL have a number of expense forgiveness options. The portions of the loan not forgiven are subject to an interest rate of 3.75% for a term up to 30 years. Loan terms are determined on a case by case basis, according to a business’s ability to repay.
3. Payroll taxes due in 2020 can be deferred for the remainder of the year and are to be paid back within two years.
4. Business losses incurred in 2020 may be carried back up to five years to reduce past tax liabilities.
5. Businesses already using SBA loans have the ability to defer or forgive payments for up to six months.

You can apply for the Paycheck Protection Program (PPP) or Economic Injury Disaster Loans (EIDL) at any lending institution that currently works with the US Small Business Administration (SBA). Additional lenders not affiliated with the SBA are being approved daily by the Department of Treasury. You do not have to visit any government institution to access these programs; start with your local bank or call your local small business development center.

The bottom line is that there are a number of resources available for small businesses, auction companies, and auctioneers to access during these difficult and uncertain times. Be positive, consider and research your options. Then wash your hands, keep calm and carry on.

*“Life isn’t about waiting for the storm to pass. It’s about learning how to dance in the rain.”* – Vivian Green

*“Life is like a grindstone; whether it grinds you down or polishes you up depends on what you are made of.”* – Jacob M Braude