

## **Financial Assistance to Businesses During the COVID-19 Crisis**

The financial assistance programs noted below are included for general informational purposes only. The information was pulled directly from the State and Federal resources as indicated below and is not provided as legal advice. If there are any specific questions regarding qualifications, repayment terms, etc., please contact Davis & Campbell LLC directly at (309) 673-1681.

### **STATE OF ILLINOIS FINANCIAL ASSISTANCE**

#### ***Illinois Small Business Emergency Loan Fund***

The Illinois Department of Commerce and Economic Opportunity and the Illinois Department of Financial and Professional Regulation established the Illinois Small Business Emergency Loan Fund for small businesses to have access to a maximum \$50,000.00 loan subject to a low interest rate. Applications began on April 1, 2020, at 5:00 p.m.

Eligibility: Small businesses with less than 50 employees; in business for a minimum of one (1) year; have less than \$3 million in revenue in the year 2019; and a minimum of 25% decrease in revenue due to the COVID-19 crisis. Number of employees is based on the average number of employees from October 2019 to December 2019 (seasonal businesses are based on a different time frame). Such small businesses must be outside of Chicago.

Terms: Loan amount determined by average monthly revenue before the COVID-19 crisis. 3% simple annual interest rate. Five-year term. Payment deferred for six months. After deferment period, payments will be fixed principal and interest payments. No prepayment penalty.

Conditions: Must be used for working capital. Minimum of 50% must be used for payroll or other compensation (wages, paid leave, healthcare costs, tips). Business must provide a commitment to retain/hire a minimum of 50% of the workforce for six months. Bank statements from October 2019 to present and recent tax return must be provided. More information available at: <https://www2.illinois.gov/dceo/SmallBizAssistance/Pages/IllinoisSmallBusinessEmergencyLoanFund.aspx>.

#### ***Downstate Small Business Stabilization Program***

\$20 million in Community Development Block Grant funds are allocated for the Downstate Small Business Stabilization Program. Eligible businesses are eligible to receive a grant for 60 days of “verifiable working capital” or \$25,000, whichever is less. Application is submitted by a city, village, or county that the business operates in. Such applications are “in support” of the business.

Eligibility: Downstate small businesses with a maximum of 50 employees (including business owner(s)). Must have at least one full-time employee other than the business owner(s). Must be a small, private, for-profit retail and service businesses or non-essential business under Executive Order 2020-10. Business cannot be related to medical or recreational marijuana because it is part of a federal grant. Not a business in an “Entitlement” county or city. Application to other COVID-19 related assistance programs will not affect eligibility. Eligible businesses do not have to apply and be denied from other assistance programs.

Terms/Conditions: Extensive terms and conditions exist. See <https://www2.illinois.gov/dceo/CommunityServices/CommunityInfrastructure/Pages/DownstateSmBizStabilization.aspx> for more information.

## **FEDERAL FINANCIAL ASSISTANCE**

### ***Paycheck Protection Program (“PPP”)***

Administered by the U.S. Small Business Administration (“SBA”). \$349 billion worth of loans are authorized by the Coronavirus Aid, Relief, and Economic Security Act. The PPP loan provides up to two months of average monthly payroll costs from 2019, plus 25% of the average. There is a \$10 million cap on the loan. Subject to certain criteria and restrictions, the loan can be forgiven. Small businesses and sole proprietorships can begin applying April 3, 2020. Independent contractors and self-employed individuals can begin applying April 10, 2020. The loan needs to be completed and submitted by June 30, 2020.

Eligibility: Businesses with 500 employees or less; independent contractors; sole proprietorships; self-employed individuals; nonprofits; veterans organizations; tribal small business concerns; and businesses with more than 500 in certain industries.

Terms: Terms include, but are not limited to, low fixed interest rate; no collateral is required; “Credit Elsewhere” requirement is waived; no personal guarantee required; and payment is deferred for 6 months.

Conditions: Loan proceeds are to be used for payroll costs (subject to \$100,000 cap for each employee); healthcare benefits; employee salaries, commissions, or other related compensation; payment of interest on mortgage; payment of rent, utilities; or other obligation incurred before February 15, 2020. Borrower will have to provide certain good faith certifications. For more information, see: <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>; <https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>; and <https://content.sba.gov/sites/default/files/2020-04/PPP--IFRN%20FINAL.pdf>.

### ***Economic Injury Disaster Loans***

Administered by the SBA. Eligible small businesses may receive a loan of up to \$2 million.

Eligibility: Businesses with 500 employees or less; sole proprietorships; independent contractors; cooperatives with 500 employees or less; tribal small business concerns; ESOPs with 500 employees or less; certain private non-profit organizations; businesses with more than 500 employees if meets the SBA Size Standards; or an agriculture cooperative, aquaculture enterprise, nursery, or producer cooperative if it meets the SBA Size Standards. Not available to a state, local, or municipal government entity. For more information, see: <https://www.sba.gov/page/disaster-loan-applications>.

### ***Emergency Economic Injury Disaster Loan Advance***

Administered by the SBA. Economic Injury Disaster Loan advance can be issued to a business for a maximum of \$10,000. This advance provides financial relief to certain businesses that are experiencing short-term revenue loss due to COVID-19. The up to \$10,000 advance is available to a business within three days of a completed application. Businesses do not have to repay this advance. For more information, see: <https://www.sba.gov/page/disaster-loan-applications> and [https://www.sba.gov/page/guidance-businesses-employers-plan-respond-coronavirus-disease-2019-covid-19?utm\\_medium=email&utm\\_source=govdelivery](https://www.sba.gov/page/guidance-businesses-employers-plan-respond-coronavirus-disease-2019-covid-19?utm_medium=email&utm_source=govdelivery).

### ***SBA Express Bridge Loans***

SBA's Express Bridge Loan Pilot Program allows a small business to access up to \$25,000 for urgent needs while awaiting review and distribution of an Economic Injury Disaster Loan. Must be used to support the reopening or survival of the small business.

Certain terms/conditions: Loan may have a fixed or variable rate. Lender can charge up to 6.5% interest over the Prime rate. Lenders are not required to take collateral. For more information, see the Program Guide: <https://www.sba.gov/sites/default/files/2020-03/Express-Bridge-Loan-Pilot-Program-Guide-FINAL-3.25.20.pdf>.

### ***SBA Debt Relief Program***

SBA's Debt Relief Program financially assists small businesses due to the impact of the COVID-19 pandemic. Pursuant to this program, for certain new loans granted before September 27, 2020, the SBA will pay interest and principal. Further, for certain current loans, the SBA will pay interest and principal for six months. For more information see: [https://www.sba.gov/page/guidance-businesses-employers-plan-respond-coronavirus-disease-2019-covid-19?utm\\_medium=email&utm\\_source=govdelivery](https://www.sba.gov/page/guidance-businesses-employers-plan-respond-coronavirus-disease-2019-covid-19?utm_medium=email&utm_source=govdelivery).

### ***Tax Credits***

Families First Coronavirus Response Act Tax Credits: Employers with less than 500 employees and self-employed individuals are eligible for two refundable payroll tax credits for 100% reimbursement (dollar-for-dollar) of the cost of providing leave pursuant to the Families First Coronavirus Response Act ("FFCRA"). The refundable payroll tax credits will be for leave paid pursuant to the Emergency Paid Sick Leave Act and the Emergency Family and Medical Leave Expansion Act. Health insurance costs may be included in the refundable tax credits. For more information see: <https://www.irs.gov/newsroom/treasury-irs-and-labor-announce-plan-to-implement-coronavirus-related-paid-leave-for-workers-and-tax-credits-for-small-and-midsize-businesses-to-swiftly-recover-the-cost-of-providing-coronavirus>.

Coronavirus Aid, Relief, and Economic Security Act Tax Credits: Eligible employers receive a refundable tax credit of 50% of qualifying wages (and certain health plan costs) paid to employees. Eligible employers are businesses that were business in 2020 and either had to fully or partially suspend business operations at any time in 2020 pursuant to government authority or experienced significant decline in gross receipts. The tax credit is limited to 50% of the first \$10,000 of qualifying wages (including certain health plan costs) paid during the time frame of March 12,

2020, and before January 1, 2021, to each employee for all quarters paid. Thus, the credit is limited to \$5,000 for any employee. For more information see: <https://www.irs.gov/newsroom/irs-employee-retention-credit-available-for-many-businesses-financially-impacted-by-covid-19>.