



THE DALLES AREA
CHAMBER OF COMMERCE
The Dalles...Simply Sunsational.



Small Business Resources

Funded in part through a cooperative agreement with the U.S. Small Business Administration. All opinions, conclusions or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA.





Small Business Development Center

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Agenda

- SBDC services, programs and resources
- Federal Incentives and Program
 - Economic Injury Disaster Loan Program
 - Paycheck Protection Program
 - Small Business Debt Relief Program
 - Employee Retention Tax Credit
 - Delay of Payroll Taxes
 - Modification of Net Operating Losses
 - Delay of Certain C Corp Deadlines
 - Modifications on Limitation of Losses
 - Increase to Interest Expense Deductions

Agenda - Continued

- Local Grants and Programs
 - Mid Columbia Economic Development District
 - Skamania Economic Development Commission
 - Gilliam Country Small Business Grant
 - Business Oregon
 - WorkShare
- Other Grants and Program
 - Small Business Legal Clinic
 - Restaurant Employee Relief Fund
 - Verizon Small Business Recovery Fund

SBDC Services

- **Largest certified business advising network in the state and country**
- **19 centers across the state**
 - **Offices in The Dalles and Hood River**
 - **Gilliam, Sherman, Hood, and Wasco as well as Klickitat and Skamania**
- **One-on-one advising**
- **Information and resources**
- **Training programs and course**
- **Community outreach**
- **Customized training and economic development programs**

Register for support services:

<https://clients.bizcenter.org/reg.aspx?mode=counsel¢er=2140&subloc=0>

Economic Injury Disaster Loan

- Eligibility: Small businesses, sole proprietors, self-employees, contractors, private non-profits, tribal small businesses, cooperatives, and employee owned businesses
- Up to \$2 million loan, 3.75% for-profit, 2.75% non-profit
- \$10,000 grant max - \$1,000/employee, \$1,000/self employed
- In operation from January 31, 2020
- 1 years deferment principal and interest
- Up to a 30 year term
- No pre-payment penalty
- No collateral, no personal guarantee for loans under \$200,000
- Can be used for payroll, fixed cost, accounts payable, utilities, operating expenses, no long-term debt
- Ends December 31, 2020

Paycheck Protection Program

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
- An individual who is self-employed 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

Special eligibility:

- If you are in the accommodation and food services sector (NAICS 72), the 500-employee rule is applied on a per physical location basis
- If you are operating as a franchise or receive financial assistance from an approved Small Business Investment Company the normal affiliation rules do not apply

The 500-employee threshold includes all employees: full-time, part-time, and any other status.

Paycheck Protection Program

- Up to \$10 million loan
- 2.5x average monthly payroll, included costs:
 - Salary, wages, commission, tips, vacation, parental, family, medical or sick leave, allowances for dismissal or separation, payments for group health care benefits, insurance premiums, retirement benefits, state and local tax assessed on the compensation of the employee
 - Sum of payments of any compensation to or the income for sole-proprietor or contractor. A wage, commission, income, net earnings for self-employed or similar compensation that is not more than \$100,000 in one year

Paycheck Protection Program

- Excluded Payroll Cost

- Compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the period February 15, to June 30, 2020
- Employer payroll taxes, railroad retirement taxes, and income taxes
- Any compensation of an employee whose principal place of residence is outside of the United States
- Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116– 5 127); or qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act

How Much is Forgiven

- A borrower is eligible for loan forgiveness equal to the amount the borrower spent on the following items during the 8-week period beginning on the date of the origination of the loan:
 - Payroll costs (using the same definition of payroll costs used to determine loan eligibility)
 - Interest on the mortgage obligation incurred in the ordinary course of business
 - Rent on a leasing agreement
 - Payments on utilities (electricity, gas, water, transportation, telephone, or internet)
 - For borrowers with tipped employees, additional wages paid to those employees
- The loan forgiveness cannot exceed the principal.

PPP - Continued

- Only 25% of loan amount can be used for approved costs outside of payroll. 75% on payroll, 25% on other approved expenses
- The amount of loan forgiveness is reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees
- Employees must be brought back on by June 30, 2020
- 1% interest rate, 6 months deferral on principal, not interest
- Loan is due in 2 years, can be carried forward at 4%
- Apply with local SBA certified lenders
- Low collateral and no personal guarantee required
- Can be applied for in combination with the EIDL
- \$350 billion, first come, first serve

Critical Elements of a Successful Application

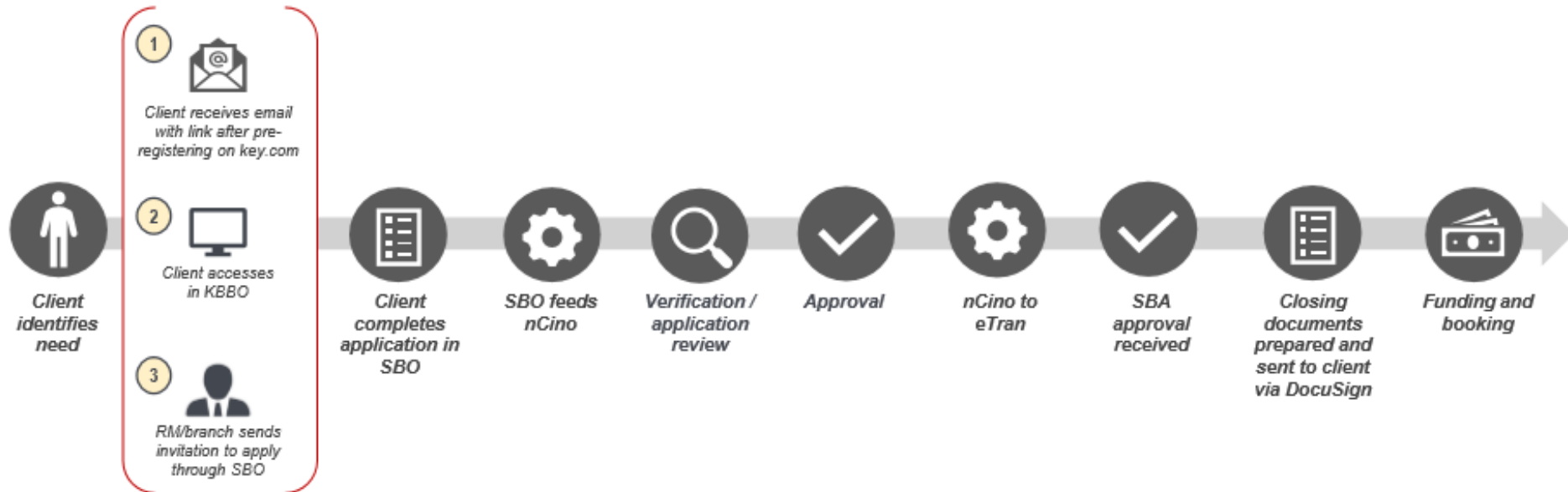
Our clients MUST DO ALL of the below correctly to ensure successful processing of their application. If they are not in a position to do so they should wait to begin their application.

- **Correct and complete email address**
- **Correct and complete TIN/EIN**
- **Disclosure of all 20%+ owners of the organization**
- **Complete submission of all required documents**
 - Copies of the business's IRS Form 941 (Employer's Quarterly Federal Tax Return) for all four quarters of 2019
 - Payroll ledger for 2019 payroll showing payroll costs by employee.
 - Payroll costs generally include: salary, wages, commission, or similar compensation; tips; vacation; parental, family, medical or sick leave; group healthcare benefits, retirement benefits; and state or local taxes on employee compensation
 - Payroll costs do not include: the compensation of an employee in excess of \$100,000 (as prorated for the covered period), taxes imposed or withheld under FICA, and any compensation of an employee whose principal place of residence is outside of the United States
 - Payroll ledger for YTD 2020 (same information as above but shown by month)
 - Entity origination documents (Articles of Incorporation or By-laws). **Key needs to know that the person completing the application on behalf of the entity is authorized to sign for the entity.**



Client must prominently display the average monthly payroll amount and input that exact amount in the application

Paycheck Protection Program: Process and Application Flow



Small Business Debt Relief Program

- Relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans
- SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months.
- This relief will also be available to new borrowers who take out loans within six months of the President signing the bill into law
- No application required

Employee Retention Tax Credit

- A credit against federal employment taxes for each calendar quarter, equal to 50 percent of qualified wages with respect to each employee, with any excess being refundable..
- Qualified wages with respect to any employee may not exceed \$10,000 per calendar quarter.
- To be eligible the employer's trade or business must be fully or partially suspended during the calendar quarter due to orders of a governmental authority due to the virus or have gross receipts for the calendar quarter that are 50% less than the same calendar quarter in the prior year. Once the 50% test is met the business may continue to claim the credit until the quarter after gross receipts reach 80% of the same calendar quarter in the prior year.
- If an eligible employer receives funding under the Paycheck Protection Program, as described above, they may not take this credit.

Delay of Payroll Taxes

- Employers can defer their portion of social security and Medicare tax due on employee's payroll for the remainder of 2020. The deferred amount will be due and payable 50% on December 31, 2021 and the remaining 50% due December 31, 2022.
- The eligible deferral period begins on March 27, 2020 and ends on January 1, 2021.
- If an eligible employer receives funding under the Paycheck Protection Program, as described above, they may not defer or delay payment of employer payroll taxes.

Modification of Net Operating Losses

- Temporary repeal of the 80% taxable income limitation for C-corporations for years beginning before January 1, 2021
- Net operating losses arising in a taxable year beginning after December 31, 2017 and before January 1, 2021 may be carried back 5 years instead of only allowed as a carry-forward deduction.

Modification of Net Operating Losses

- The Treasury Department and Internal Revenue Service announced that the federal income tax filing due date is automatically extended from April 15, 2020, to July 15, 2020
- Taxpayers can also defer federal income tax payments due on April 15, 2020, to July 15, 2020, without penalties and interest, regardless of the amount owed. This deferment applies to all taxpayers, including individuals, trusts and estates, corporations and other non-corporate tax filers as well as those who pay self-employment tax

Other Federal Incentives

- **Modification on Limitation of Losses for Sole Proprietors and Pass-Throughs.** This provision temporarily lifts the loss limitation for sole proprietors and pass-throughs with the intention of allowing them to utilize excess losses to provide necessary cashflow.
- **Increase to Interest Expense Deduction.** This provision would raise (from 30 to 50 percent of taxable income) the limitation on interest that businesses are allowed to deduct from their 2019 and 2020 taxes.
- **Technical Amendment Regarding Qualified Improvement Property (QIP).** This provision would correct an error in the 2017 Tax Cuts and Jobs Act preventing businesses, particularly in the hospitality industry, from writing off facility improvement costs immediately rather than over 39 years.

Local Grants and Programs

- Mid Columbia Economic Development District
 - \$15,000 MCEDD bridge loan, two-month deferral on existing
 - \$35,000 OIB bridge loan, three month deferral on existing
 - 4.75%, three-year term, last option only
- Skamania county
 - \$40,000 loan, three-year term, interest rate depends on risk
 - Entrepreneurs, start-ups, expanding, existing for re-financing, and most legal ventures
 - Personal guarantee required
 - Simplified application and minimal insurance requirements
- Gilliam County Small Business Stabilization Grant
 - Gilliam county for-profit businesses, including home-based, non-profit, and fraternal organizations
 - Employee Payroll & Benefits, Building Lease or Mortgage Payments (excludes home-based businesses), Equipment Lease Payments, Utilities, Business Insurance
 - Intended as a bridge funding for demonstrated financial hardship
 - Currently \$150,000 in phase-one funding

Business Oregon

- [Entrepreneurial Development Loan Fund](#) (EDLF) offers direct loans to help start-ups, micro-enterprises and small businesses expand or become established in Oregon.
- [Oregon Business Development Fund](#) (OBDF) provides direct loans that can be used for permanent working capital. Participants must create or retain jobs and must typically be a traded-sector business in manufacturing, processing or distribution.
- [Oregon Royalty Fund](#) (ORF) provides direct loans to help early stage (post R & D and prototyping), scalable, and high-margin small businesses obtain short-term working capital.
- [Capital Access](#) (CAP) provides a form of loan portfolio loss reserve so financial institutions may make business loans that carry higher than conventional risks while complying with federal and state banking regulations.
- [Credit Enhancement Fund](#) (CEF) provides loan guarantees to financial institutions in order to increase capital availability to small businesses.

WorkShare Oregon

- Employees must qualify for Oregon unemployment insurance benefits.
- The plan must cover at least three employees.
- The normal weekly hours of work and wages are reduced at least 20%, but not more than 40%.
- Employees under the plan must have worked for you continuously for six months on a full-time basis, or for one year on a part-time basis before you submit the Work Share plan.
- Work Share plans cannot last more than one year.
- A worker can receive up to 52 weeks of Work Share benefits under a plan
- Cannot use if employee has already exhausted benefits

Other Programs and Incentives

- **Small Business Legal Clinic – Lewis and Clark School of Law**
 - Rural Opportunity Program
 - Up to 10 hours of professional legal council for only \$25 total
 - Same case manager for every session
 - Must be at 50% MHI
 - No litigation services
- **Restaurant Employee Relief Fund**
 - \$500 one-time grant to restaurant employees
 - first come first serve, applications open April 6th
- **Verizon Small Business Recovery Fund**
 - \$5 million in support
 - First round over, accepting applications for second round

Links

- EIDL - <https://covid19relief.sba.gov/#/>
- PPP (US Treasury) - <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>
- SBA Debt Relief - <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief>
- Employee Retention Tax Credit - <https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act>
- Delay of Payroll Taxes - <https://www.irs.gov/newsroom/tax-day-now-july-15-treasury-irs-extend-filing-deadline-and-federal-tax-payments-regardless-of-amount-owed>
- Modifications of NOL - <https://www.irs.gov/newsroom/irs-issues-guidance-on-changes-to-excess-business-and-net-operating-losses>
- Modification on limitation of losses
- <https://www.velaw.com/insights/summary-of-business-income-tax-provisions-in-the-cares-act/>

Links

- MCEDD - <https://www.mcedd.org/covid-19-resources/>
- Skamania WIB Loan - <https://skamania-edc.org/business-supportincentives/loan-programs/wib-pilot-flier/>
- Small Business Stabilization Grant - <https://www.condonchamber.org/small-business-stabilization-grant-program.html>
- Business Oregon Business Navigator - <https://www.oregon4biz.com/Coronavirus-Information/>
- WorkShare - <https://www.oregon.gov/employ/Businesses/WorkShare/Pages/Work%20Share%20Home%20Page.aspx>
- Small Business Legal Center - https://law.lclark.edu/centers/small_business_legal_clinic/fee-for-service-program/
- Restaurant Employee Relief Fund - <https://rerf.us/>
- Verizon Small Business Recovery Fund - <https://www.lisc.org/covid-19/verizon-small-business-recovery-fund/>



Thanks for Attending!

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