

# Financial Assistance for Small Business

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As the COVID-19 pandemic continues to wreak havoc on the US economy, small businesses across the country have been hit especially hard. Due to the mandated closures and other safety precautions instituted to flatten the curve, small businesses have been struggling to make loan payments, pay rent, and meet payroll requirements. A growing number of programs have been created to assist small businesses impacted by the pandemic that is currently unfolding. Below is a list of a few options currently available to small businesses.

## **US Small Business Administration Loans**

The US Small Business Administration (SBA) is offering disaster assistance to designated states and territories. The relief is in the form of federal disaster loans for working capital to small businesses suffering economic injury resulting from COVID-19. In order to qualify for the assistance, a state or territory's governor must request the relief from the SBA which will in turn issue under its own authority provided by the Coronavirus Preparedness and Response Supplement Appropriations Act, an Economic Injury Disaster Loan Declaration. As of March 23, 2020, businesses in every state can apply.

Under the SBA program, small businesses, private non-profit organizations of any size, small agricultural cooperatives and small aquaculture enterprises that have been financially impacted as a direct result of COVID-19 since Jan. 31, 2020, may qualify for Economic Injury Disaster Loans (EIDL) of up to \$2 million to help meet financial obligations and operating expenses which could have been met had the pandemic not occurred. The interest rates resulting from the pandemic are 3.75% for small businesses and 2.75% for nonprofit organizations with terms up to 30 years.

These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. An EIDL can provide vital economic assistance to small businesses to help overcome the temporary loss of revenue impacting businesses across the country.

### **State and Municipal Assistance**

In addition to the EIDLs offered through the SBA, states and localities are offering programs to assist businesses impacted by the pandemic. For example, the City of St. Louis and St. Louis County have implemented the Small Business Resource Program to provide financial assistance, through working capital funds in the form of small no-interest loans to small business.

Florida has instituted the Florida Small Business Emergency Bridge Loan Program and Chicago has implemented a Small Business Resiliency Fund.

The Maryland Department of Commerce is offering three new business assistance programs in response to COVID-19: (1) the Maryland Small Business COVID-19 Emergency Relief Loan Fund - this \$75 million loan fund offers no interest or principal payments due for the first 12 months, then converts to a 36-month term loan of principal and interest payments, with an interest rate at 2% per annum; (2) the Maryland Small Business COVID-19 Emergency Relief Grant Fund - this \$50 million grant program offers grant amounts up to \$10,000, not to exceed 3 months of demonstrated cash operating expenses for the first quarter of 2020; and (3) the Maryland COVID-19 Emergency Relief Manufacturing Fund - this \$5 million incentive program helps Maryland manufacturers to produce personal protective equipment (PPE) that is urgently needed by hospitals and health-care workers across the country.

In Virginia, the Governor has authorized rapid response funding, through the Workforce Innovation and Opportunity Act, for employers eligible to remain open during this emergency. Funds may be used to clean facilities and support emergency needs.

Several other states and municipalities have instituted programs to assist impacted businesses.

### **Lender and Corporate Small Business Assistance**

Numerous banks have offered deferment and forbearance to business loan debtors unable to make payments. Additionally, corporations such as Amazon and Facebook have also stepped up to the plate to provide assistance to small businesses. Facebook has committed to offering 30,000 small businesses \$100 million in cash grants and Facebook advertising credits. These grants will be provided to businesses in more than 39 countries.

These are just a few of the options to help businesses impacted by COVID-19. Bailey Glasser stands ready to help you access these programs to ensure the long term viability of your business.

**Attorneys**

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