

Good afternoon,

I know these are weeks of holiday and year end distractions, but wanted to share time-sensitive information and make sure you were aware of upcoming opportunities.

To help you navigate through this ongoing Covid crisis, we are focused on improving your access to three things: Capital, Customers, and Clear Communications (with the on-time information you need to be successful).

Summary of the Email Below:

- Orange County Business Investment Grant Deadline (December 31)
- Orange County Emergency Small Business Grant (NEW FUNDING) (apply beginning Jan 4)
- Information on the US [Consolidated Appropriations Act 2021](#) signed last night by the President including:
 - PPP#2 eligibility (previous PPP recipients may receive up to \$2 million if they can show a 25% reduction in revenue in any 2020 quarter)
 - More money for restaurants and hotels (PPP#2 allows 3.5 times monthly payroll expenses for these hospitality businesses vs. 2.5x for others)
 - Reopens PPP to first time applicants (who, we understand, do not need to show the 25% revenue reduction)
 - PPP#1 now tax deductible (the Act reverses a previous IRS ruling)
 - New EIDL Grants and Loans (EIDL Grants do not need to be deducted from forgivable portion of PPP)

First, the local...

Orange County Business Investment Grant Program Now Open (Deadline is 5:00pm, December 31)

Grants are available in either 'small' (\$1,500 or less) or 'large' (\$1,500.01 – \$10,000) amounts. These are investments funds, not COVID related funds, and should be used to grow your business, hire additional staff, grow the commercial tax base, or create a significant social impact. [Click Here](#) to learn more or apply.

Orange County Round 3 Emergency Small Business Grant Program (Application Opens Monday, January 4)

The County has made an additional \$250,000 available for Small Business Emergency Grants. Grant amounts will be determined by the amount available divided by the number of eligible applicants and are initially estimated to be \$3000 or less. Businesses that have received other COVID related funding ARE eligible to apply for these funds. For more information on the requirements and application submission information, [Click Here](#). Make plans to submit as quickly as you can.

Save Our Restaurants Promotional Effort Underway; Get a Copy of Graphics to Share

The Chapel Hill/Orange County Visitors Bureau, the Chamber for a Greater Chapel Hill-Carrboro, Chapel Hill Downtown Partnership, and Economic Development departments throughout Orange County have launched a "Save Our Restaurants" effort to encourage citizens to get take-out 1-2 times per week from a local restaurant. Help support us in this effort by sharing a graphic on their social media channels. The graphics (with various backgrounds from all of our Towns) can be downloaded [here](#). Follow and promote using the hashtag #TakeOutPledge.

And Now the Federal

Federal Covid Relief (new rules for PPP1 and who is eligible for PPP2)

The following is an excerpted, **highlighted**, and *(annotated by me)* article in the American Institute of CPAs' Journal of Accountancy (updated December 27). A member of your Chamber, the AICPA is the world's largest professional association, and is headquartered right here in our community. The full article can be [Read HERE](#)

President Donald Trump on Sunday night signed into law the \$900 billion COVID-19 relief bill passed Dec. 21 by Congress. Key provisions in the bill include:

- \$325 billion in aid for small businesses struggling after nine months of pandemic-induced economic hardships. The bill provides more than **\$284 billion to the U.S. Small Business Association (SBA) for first and second PPP forgivable small business loans and allocates \$20 billion to provide Economic Injury Disaster Loan (EIDL) Grants** to businesses in low-income communities. In addition, shuttered live venues, independent movie theaters, and cultural institutions will have access to \$15 billion in dedicated funding while \$12 billion will be set aside to help business in low-income and minority communities.
- **\$166 billion for economic impact payments** of \$600 for individuals making up to \$75,000 per year and \$1,200 for married couples making up to \$150,000 per year, as well as a \$600 payment for each child dependent.
- \$120 billion to provide workers receiving unemployment benefits a \$300 per week supplement from Dec. 26 until March 14, 2021. This bill also extends the Pandemic Unemployment Assistance (PUA) program, with expanded coverage to the **self-employed, gig workers, and others in nontraditional employment**, and the Pandemic Emergency Unemployment Compensation (PEUC) program, which provides additional weeks of federally funded unemployment benefits to individuals who exhaust their regular state benefits.
- \$25 billion in emergency rental aid and an extension of the national eviction moratorium through Jan. 31, 2021.
- \$45 billion in transportation funding, including \$16 billion for airlines, \$14 billion for transit systems, \$10 billion for state highways, \$2 billion each for airports and intercity buses, and \$1 billion for Amtrak. \$82 billion in funding for colleges and schools, including support for HVAC repair and replacement to mitigate virus transmission, and \$10 billion in child care assistance. \$22 billion for health-related expenses incurred by state, local, Tribal, and territorial governments. \$13 billion for emergency food assistance, including a 15% increase for six months in Supplemental Nutrition Assistance Program benefits. \$7 billion for broadband expansion.

The bill also extends the **employee retention tax credit** and several expiring tax provisions and temporarily allows a **100% business expense deduction for meals** (rather than the current 50%) as long as the expense is for food or beverages provided by a restaurant. This provision is effective for expenses incurred after Dec. 31, 2020, and expires at the end of 2022.

Breaking down the PPP provisions

The new round of PPP, or PPP2 as some are calling it, contains many similarities to the first round of the PPP but also has several important differences. The following is a high-level view of the PPP provisions.

Who is eligible to apply

PPP2 loans will be available to first-time qualified borrowers and, for the first time, to businesses that previously received a PPP loan. Specifically, previous PPP recipients may apply for another loan of up to \$2 million, provided they:

- Have 300 or fewer employees.
- Have used or will use the full amount of their first PPP loan.
- Can show a 25% gross revenue decline in any 2020 quarter compared with the same quarter in 2019.
- PPP2 will also permit first-time borrowers from the following groups (*so far as we can tell, no revenue reduction is required for first time applicants*):
 - Businesses with 500 or fewer employees that are eligible for other SBA 7(a) loans.
 - Sole proprietors, independent contractors, and eligible self-employed individuals.
 - Not-for-profits, including churches (*as well as professional associations and destination marketing organizations, with some lobbying caps*).
 - Accommodation and food services operations (those with North American Industry Classification System (NAICS) codes starting with 72) with fewer than 300 employees per physical location (*PPP borrowers with NAICS codes starting with 72--hotels and restaurants--can get up to 3.5 times their average monthly payroll costs*).

The bill allows borrowers that returned all or part of a previous PPP loan to reapply for the maximum amount available to them.

PPP loan terms

As with PPP1, the costs eligible for loan forgiveness in PPP2 include payroll, rent, covered mortgage interest, and utilities. PPP2 also makes the following potentially forgivable:

- Covered worker protection and facility modification expenditures, including personal protective equipment, to comply with COVID-19 federal health and safety guidelines.
- Expenditures to suppliers that are essential at the time of purchase to the recipient's current operations.
- Covered operating costs such as software and cloud computing services and accounting needs.

To be eligible for full loan forgiveness, PPP borrowers will have to spend no less than 60% of the funds on payroll over a covered period of either eight or 24 weeks — the same parameters PPP1 had when it stopped accepting applications in August.

PPP borrowers may receive a loan amount of up to 2.5 times their average monthly payroll costs in the year prior to the loan or the calendar year, the same as with PPP1, but the maximum loan amount has been cut from \$10 million in the first round to the previously mentioned \$2 million maximum. PPP borrowers with NAICS codes starting with 72 (hotels and restaurants) can get up to 3.5 times their average monthly payroll costs, again subject to a \$2 million maximum.

Simplified application and other terms of note

The new COVID-19 relief bill also:

- **Creates a simplified forgiveness application process for loans of \$150,000 or less.**
Specifically, a borrower shall receive forgiveness if a borrower signs and submits to the lender a certification that is not more than one page in length, includes a description of the number of employees the borrower was able to retain because of the loan, the estimated total amount of the loan spent on payroll costs, and the total loan amount. The SBA must create the simplified application form within 24 days of the bill's enactment and may not require additional materials unless necessary to substantiate revenue loss requirements or satisfy relevant statutory or regulatory requirements. Borrowers are required to retain relevant records related to employment for four years and other records for three years, as the SBA may review and audit these loans to check for fraud.
- **Repeals the requirement that PPP borrowers deduct the amount of any EIDL advance from their PPP forgiveness amount** *(this is referring to the 'up to \$10,000 advance that came with the first EIDL Loans).*
- Includes set-asides to support first- and second-time **PPP borrowers with 10 or fewer employees**, first-time PPP borrowers that have recently been made eligible, and for loans made by community lenders.

Tax deductibility for PPP expenses *(Important)*

The bill also specifies that business expenses paid with **forgiven PPP loans are tax-deductible**. This supersedes [IRS guidance](#) that such expenses could not be deducted and brings the policy in line with what the AICPA and hundreds of other business associations [have argued](#) was Congress's intent when it created the original PPP as part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136 (see the [Dec. 3 letter](#) from the AICPA and state societies to congressional leaders).

The COVID-19 relief bill clarifies that "no deduction shall be denied, no tax attribute shall be reduced, and no basis increase shall be denied, by reason of the exclusion from gross income provided" by Section 1106 of the CARES Act (which has been redesignated as Section 7A of the Small Business Act). This provision applies to loans under both the original PPP and subsequent PPP loans.