



In the recent days, Congress has passed the Families First Coronavirus Response Act (“FFCRA”), and the Coronavirus Aid, Relief, and Economic Security Act (“CARES”) in order to stem the economic and public health fallout from the Coronavirus Diseases 2019 (“COVID-19”).

NMEDA is providing this “Q and A” document to help answer some questions that members may have about the FFCRA and CARES acts, and how they impact your lives and businesses:

### **Families First Coronavirus Response Act**

Q: How will FFCRA impact employers?

A: Most, but not all, of the provisions of the FFCRA will impact employers with fewer than 500 employees. These employers will be required to provide a certain amount of paid sick and paid family leave to employees affected by COVID-19 and will receive corresponding employment tax credits.

Q: Which employers are covered by the FFCRA’s Emergency FMLA provisions?

A: Employers with fewer than 500 employees. The U.S. Department of Labor may issue regulations excluding small businesses with under 50 employees.

Q: For how long is the FFCRA Emergency FMLA Act in effect?

A: The FFCRA Emergency FMLA Act will expire December 31, 2020.

Q: Which employers are covered by the FFCRA Emergency Paid Sick Leave provisions?

A: Employers with fewer than 500 employees, except businesses with fewer than 50 employees may claim exemption from leave requirements if it would jeopardize the business. To elect this small business exemption, you should document why your business with fewer than 50 employees meets the criteria set forth by the Department of Labor, which will be addressed in more detail in forthcoming regulations.

Q: Which employees are eligible to take leave under the FFCRA Emergency Paid Sick Leave provisions?

A: Employees are eligible to take paid sick leave under FFCRA regardless of how long they have been employed by that employer.

Q: How much leave time are eligible employees entitled to take?

A: Full-time employees are entitled to take up to 80 hours of paid sick leave. Part-time employees are eligible for the number of hours equal to the average hours worked over a two-week period.

Q: What impact does this have on a company's existing sick leave policy?

A: This paid sick leave is in addition to any existing sick leave the employer provides.

### **Coronavirus Aid, Relief, and Economic Security Act**

Q: What kind of small business relief is included, and to which employers?

A: CARES created the Payment Protection Program (PPP) under the Small Business Administration, a \$350 billion program dedicated to prevent layoffs and business closures. Employers with 500 employees or fewer that maintain their payroll during coronavirus can receive up to eight weeks of cash-flow assistance. If employers maintain payroll, the portion of the loans used for covered payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven. The loans are to be provided through the guarantee private-sector loans through the U.S. Small Business Administration's (SBA) existing 7(A) loan program.

Q: How can we apply for the small business loans included in the stimulus?

A: To apply for a PPP loan, eligible businesses may file applications with an SBA-approved lender. Applicants will have been in operation on February 15, 2020, and will have paid employees and payroll taxes or independent contractors. However, this application process may change soon and NMEDA will keep you updated when the regulations and processes are promulgated.

Q: Are the loans forgivable?

A: Recipients of SBA-guaranteed loans above could apply for loan forgiveness over eight weeks for eligible payroll costs and for mortgage interest, rent, and utility payments. The SBA will pay lenders for any canceled debt plus accrued interest. Loan forgiveness would be reduced for businesses that fire employees or cut their pay. Businesses could receive additional forgiveness for wages paid to tipped employees.

Q: Are there any other types of loans from SBA?

A: Yes, CARES provides \$10 billion to expand the SBA's Economic Injury Disaster Loan program from Jan. 31 through Dec. 31 to cover businesses, cooperatives, employee stock ownership plans, and tribal businesses with 500 or fewer employees, as well as sole proprietors and independent contractors. These loans are of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue and to pay for expenses had the pandemic not occurred.

Q: Are there any more targeted loans for small businesses owned by women or minorities?

A: Yes, the CARES ACT will provide grants to Business Development Centers to offer counseling, training, and related assistance to small businesses affected by COVID-19, in the amount of \$265 million for Small Business Development Centers and Women's Business Centers; and \$10 million for Minority Business Development Agency's Minority Business Centers. These centers offer counseling and advice about how to take advantage of the SBA loan offered in CARES for women and minorities.

Q: How about any bankruptcy provisions?

A: CARES allow businesses with as much as \$7.5 million in debt to qualify for a streamlined Chapter 11 bankruptcy process, increasing the current debt limit of \$2.73 million for eligible small businesses.

Q: Are there any Social Security tax provisions included in the stimulus?

A: Yes, the CARES Act allows employers to defer payment of the employer share of the Social Security tax with half of the amount to be paid by December 31, 2021 and the other half by December 31, 2022.

Q: How about improvements to my dealership or facility?

A: Those NMEDA members that make and have made improvements to their facilities will be able to deduct those costs immediately, instead of depreciating those costs over time.

**For more information on how recently passed COVID-19 stimulus legislations impacts you, please see NMEDA's more in-depth breakdown [here](#).**