

# CARES Act and Federal COVID-19 Relief Overview

April 14, 2020



# Passage of H.R. 748, CARES Act

- Signed into law on March 27, 2020
- Passed both the House and Senate by unanimous votes
- Third COVID-19 relief package passed since March 12, 2020
- Fourth and fifth relief packages are expected in coming months



H. R. 748

One Hundred Sixteenth Congress  
of the  
United States of America

AT THE SECOND SESSION

*Began and held at the City of Washington on Friday,  
the third day of January, two thousand and twenty*

An Act

To amend the Internal Revenue Code of 1986 to repeal the excise tax on high cost employer-sponsored health coverage.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Coronavirus Aid, Relief, and Economic Security Act" or the "CARES Act".

**SEC. 2. TABLE OF CONTENTS.**

The table of contents for this Act is as follows:

Sec. 1. Short title.  
Sec. 2. Table of contents.

Sec. 3. References.

**DIVISION A—KEEPING WORKERS PAID AND EMPLOYED, HEALTH CARE SYSTEM ENHANCEMENTS, AND ECONOMIC STABILIZATION**

**TITLE I—KEEPING AMERICAN WORKERS PAID AND EMPLOYED ACT**

Sec. 1101. Definitions.  
Sec. 1102. Paycheck protection program.  
Sec. 1103. Entrepreneurial development.  
Sec. 1104. State trade expansion program.  
Sec. 1105. Waiver of matching funds requirement under the women's business center program.  
Sec. 1106. Loan forgiveness.  
Sec. 1107. Direct appropriations.  
Sec. 1108. Minority business development agency.  
Sec. 1109. United States Treasury Program Management Authority.  
Sec. 1110. Emergency EIDL grants.  
Sec. 1111. Resources and services in languages other than English.  
Sec. 1112. Subsidy for certain loan payments.  
Sec. 1113. Bankruptcy.  
Sec. 1114. Emergency rulemaking authority.

**TITLE II—ASSISTANCE FOR AMERICAN WORKERS, FAMILIES, AND BUSINESSES**

**Subtitle A—Unemployment Insurance Provisions**

Sec. 2101. Short title.  
Sec. 2102. Pandemic Unemployment Assistance.  
Sec. 2103. Emergency unemployment relief for governmental entities and nonprofit organizations.  
Sec. 2104. Emergency increase in unemployment compensation benefits.  
Sec. 2105. Temporary full Federal funding of the first week of compensable regular unemployment for States with no waiting week.  
Sec. 2106. Emergency State staffing flexibility.  
Sec. 2107. Pandemic emergency unemployment compensation.  
Sec. 2108. Temporary financing of short-time compensation payments in States with programs in law.  
Sec. 2109. Temporary financing of short-time compensation agreements.

# CARES Act Overview

- Direct relief to workers and families
- Small business focus
- Treasury Department fund for businesses, state and local governments, and tribes
- Relief for airports and airlines
- Additional items of interest – health care system, fishing industry



# CARES Act and Port of Seattle

- Airport and airline-related provisions
  - \$10b to airports through direct grants and other assistance
  - Loans and grants made available to airlines, under certain conditions
- Aid to businesses and governments, including port districts
  - \$454m fund to provide loans to businesses, states, tribes, and municipalities related to losses incurred because of coronavirus.
- Small Business Administration provisions
  - Paycheck Protection Plan Loans
  - Economic Injury Disaster Loans
  - SBA Small Business Debt Relief Program
- Fishing and tourism industry relief
- Additional items of interest



# Aviation Division and CARES Act



- **\$10B GRANTS-IN-AID FOR AIRPORTS**

- \$7.4B for airports
  - 50% allocated to airports with annual passenger volume of 1 million or more
  - 25% allocated to airports with annual passenger volume of 500,000 or more
  - 25% allocated to airports with annual passenger volume of 100,000 or more
- \$2B allocated to airports for Airport Improvement Program (AIP) projects
- \$0.5B allocated to airports for Federal Aviation Administration (FAA) grants
- \$0.1B allocated to grantee airports to grant to general aviation airports

April 10, 2020

- Allowable uses
  - Any lawfully purpose for which airport revenue can be used; e.g.
    - O&M Costs
    - Debt Service
    - Capital projects
- Restrictions\*
  - may not be used for any purpose not directly related to the airport
  - Only for “purposes for which airport revenues may lawfully be used”
  - Retain at least 90 percent of staff through December 31, 2020, (after making adjustments for retirements or voluntary employee separations)

\* Hardship exemption to employment restrictions



# Airlines Financial Relief - \$61B

**Grants** — “...exclusively be used for the continuation of payment of employee wages, salaries, and benefits...”



\$25 B

Passenger Carriers



\$4 B

Cargo Carriers



\$3 B

Airline Contractors

## Loans\*\*\*



Lorem ipsum

\$25 B

Passenger Carriers



Lorem ipsum

\$4 B

Cargo Carriers

**\*\* - restrictions on next slide**

# Airline Restrictions

Loans can only be made if the Treasury Secretary determines that:

- Regular credit is not “reasonably available”.
- The intended obligation is “prudently incurred.”
- The interest rate reflects market risk and is not less than a comparable pre-COVID rate.
- The loan duration is as short as practicable and no longer than 5 years.
- “the eligible business must have incurred or is expected to incur covered losses [directly or indirectly as a result of COVID] such that the continued operations of the business are jeopardized, as determined by the Secretary.”

Loan and loan guarantee agreements must contain the following:

- *A prohibition on stock buybacks* during the life of the loan unless already contractually obligated.
- *A prohibition on dividend payments* for the life of the loan plus one year.
- A requirement that recipient *maintain March 24, 2020 employment levels* “to the extent practicable” and under no circumstances can cut employment by more than 10 percent from that base.
- A certification that the recipient is based in the U.S. and has a majority of its employees in the U.S.
- *Compensation limitations of executives*



# Cares Act Small Business Resources

## – Paycheck Protection Program:

- Provides funds to pay up to 8 weeks of payroll cost including benefits and taxes
- All or portions of the **loan amount will be forgiven if certain conditions are met**
- **All businesses can apply** including nonprofits, veteran organizations, Tribal business concerns, sole proprietors, self-employed individuals and independent contractors can apply **with 500 or fewer employees.**
- Funded via banks and finance institutions

## – Economic Injury Disaster Loan (EIDL) Program:

- Provides for **operating cost assistance** during the time period of the Disaster Declaration
- Can be used for payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments
- Provides an **emergency advance of up to \$10,000** to small businesses and private non-profits
- **Available for most for-profit businesses** including self-employed and independent contractors.

• [More details](#)

# Additional Small Business Resources

## Small Business Debt Relief Program:

- SBA will make payments on all SBA backed loans for six months on loans in existence prior to February 15<sup>th</sup>, 2020.

## Additional capital resources

- City of Seattle Small Business Stabilization Fund
- Facebook Small Business Grants Program
- Working Washington Small Business Grants (up to 10k – biz w 1-10 employees)
- Amazon Neighborhood Small Business Relief Grant Program


## Additional business resources

- SBA Express Bridge Loans, Export Credit insurance, Small Business Development Centers, etc.

# Outreach and Assistance for Impacted Small Businesses

- EDD staff tracking resources for impacted businesses and sharing updates/details with other staff across the Port (ex. ADR)
- Set up webinars with Small Business Development Center for the Port's small business tenants and partners
- Provided details on Port website regarding relief for small businesses and related technical assistance webinars.
- Port staff has **widely** distributed information on help available and webinars (ADR, Drayage Drivers, Maritime/EDD tenants, Ground Transportation, etc.)

**Answers for Small Businesses  
about Recovery Options**



The Port of Seattle is taking extra steps to help its small business partners understand and access resources being distributed as part of the Federal CARES Act.

The Port has collaborated with its regional partners to make the following webinars available to help small businesses understand and access the resources being distributed as part of the Federal CARES Act.

Webinars are free and available to all local small businesses. Registration information for all webinars can be found at the [Port's website](#).

**Tuesday, April 7**  
Topic: SMART Webinar: Breaking Down the CARES Act  
Time: 11:00 a.m. - 1:00 p.m.

**Wednesday, April 8**  
Topic: SBA Disaster Loans & CARES Act Webinar  
Time: 3:00 p.m. - 4:00 p.m.

**Thursday, April 9**  
Topic: SBA Economic Injury Disaster Loans and CARES Act Update Webinar  
Time: 3:00 p.m. - 4:00 p.m.

**Delivered to 25,000+ tenants,  
partners, and stakeholders**

# Partnerships to Support Impacted Small Businesses

- Port staff is joined by many partners who are providing support to impacted businesses across the region:
  - Small Business Development Centers
  - Seattle Southside Chamber of Commerce.... Plus other chambers
  - African Chamber of Commerce
  - Tabor 100
  - WA Department of Commerce
  - Greater Seattle Partners
  - One Redmond
  - Startup 425
  - Clallam EDC
  - Numerous Cities
- We are also publicizing webinars and assistance available through these organizations

# Partnerships to Support Impacted Workers

***Fair work center*** will provide workers with:

- weekly webinars (in English and Spanish). pertinent information including: unemployment, sick time, and changing implementation and guidelines around emergency assistance.
- Connecting workers with service provider to for assistance with unemployment application, rental assistance/emergency assistance, job search assistance and other support.
- ongoing webinars will reach hundreds of people each time, offer live translation services to make accessible for as many people as possible.
- Materials are tailored specifically for airport workers in plain language (and in multiple languages) to distribute widely through various means (online, email, text, etc.) and reach thousands of workers.

# Outreach and Assistance for Impacted Employees

## **Port Jobs** will provide workers with:

- **Sea-Tac Airport Job Opening** : Five employers continuing to hire at Sea-Tac. Expected metrics: Port Jobs serves 2,343 clients in the first quarter, and placed 1,226 people into airport jobs. They expect to serve 3,000 clients in the second quarter, with a pivot in focus from job placement to assistance with both jobs and resources for laid-off workers.
- **Basic Food Employment Training (BFET)** information and connections to these services: Eligible jobseekers receive support services included essential supplies in addition to job search assistance. Laid-off airport workers may also apply for transportation and food-related positions outside the airport
- **Guidance to apply for Unemployment Insurance and other online subsidies**: State has now corrected the “standby denial glitch” in the application system. Online applications are now being processed swiftly; phone communication with Employment Security continues to be on overload; certain conditions may require phone contact; Employment Security is in process of hiring 100 additional workers to assist.
- Virtual and scheduled in-person health plan finder assistance: Port Jobs is working with King County and Project Access Northwest to partner in service of laid-off airport workers. Expect 3,000 laid-off airport workers to need assistance with enrolling in continued health care coverage when employer insurance lapses.

# Update on CARES Act Extensions

- Expected passage of certain funding extensions week of April 13<sup>th</sup>
- Focus on existing programs – e.g. Paycheck Protection Program
- Both chambers still planning to negotiate a 4<sup>th</sup> package upon return to session following Easter Recess (Senate reconvenes April 20<sup>th</sup>)



# Developing Port Priorities for Future Relief

- Port staff tracking CARES Act implementation with internal and external stakeholders
  - Small business and individual family programs will need more funding support
  - Airports see continued impact– will require continued support
- Certain gaps – such as seaport relief – will be prioritized based on omission from CARES Act
  - Revenue losses from cargo reductions and cruise postponement will threaten other investments that could otherwise strengthen the economy
- Port principles that guide our federal engagement on upcoming federal package:
  - Direct support for seaports similar to airport provisions in CARES Act
  - Continued robust funding for airports, extend CARES Act programs
  - Prioritize worker protections in future relief packages
  - Investments in seaport and airport infrastructure
  - Environmental resilience investments and incentives to promote low-carbon transportation fuels
  - Continue and expand direct relief for impacted fisheries
  - Support for tourism and travel industries.





# Next steps

- Continue outreach efforts with tenants and stakeholders
- Continue advocacy with congressional delegation on upcoming relief packages
- Work with partners to advance shared priorities for relief and recovery
- Questions?

# Appendix

## Economic Injury Disaster Loan (EIDL) Program:

- Maximum Amount of \$2 million
- Term is either 15 or 30 years
- Interest rate is 3.75% for for-profit and 2.75% for non-profit
- Payment deferral period is 1 year
- Processing time – 3 to 5 weeks

## Economic Injury Disaster Loan (EIDL) Program:

- Unsecured collateral up to \$25K
- Available collateral will be requested for over \$25K
- Available until December 31, 2020
- Business owners can request for an increase in loan amounts
- No cost to apply

## Economic Injury Disaster Loan Emergency Advance:

- These grants provide an emergency advance of up to \$10,000 to small businesses and private non-profits
- \$10K converts to an actual grant and should be deposited to the bank account provided in 3-5 business days.
- Can be used for payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.

## Paycheck Protection Program (PPP):

- Provides small business with funds to pay up to 8 weeks of payroll cost including benefits and taxes
- the loan amount can be up to two months of your average monthly payroll costs from the last year plus 25% of that amount. The cap is \$10 million
- loan terms are an interest rate of 1% fixed and have a two-year term
- Independent Contractors cannot count as employees for purposes of a PPP loan; they can apply for their own PPP loan

## Paycheck Protection Program (PPP):

- The amount of the loan can be up to two months of your average monthly payroll costs from the last year plus 25% of that amount.
- The cap is \$10 million. Seasonal and new businesses will use a different applicable time period for their calculation
- Loan payments are deferred for the first six months.
- Loan proceeds cannot be forgiven for payroll costs above \$100,000 (annualized) for each employee, sole proprietor, or independent contractor.
- The loan terms are an interest rate of 1% fixed and have a two-year term.