

## Consolidated Appropriations Act: Paycheck Protection Program Second Draw

Congress approved \$284 billion for a PPP Second Draw and extended the deadline to March 31, 2021. Eligibility requirements, loans terms, and eligible expenses have been adjusted to target the hardest-hit small businesses and non-profits. A simplified application process will be created for loans under \$150,000 to streamline access for small businesses.

### Eligibility

- Must be a business, certain non-profit organizations, housing cooperatives, veterans' organizations, tribal businesses, self-employed individuals, sole proprietors, independent contractors, and small agricultural co-operatives;
- Employ no more than 300 employees;
- Have used or will use the full amount of their first PPP; and
- Demonstrate at least a 25% reduction in gross receipts Q1, Q2, or Q3 2020 relative to the same 2019 quarter.

### Loan Terms

- Loan amount of up to 2.5X the average monthly payroll costs in the one year prior to the loan or the calendar year.
- Entities in NAICS code 72 (Accommodations and Food Services) may receive loans of up to 3.5X average monthly payroll costs.
- No loan can be greater than \$2 million.

### Eligible Expenses

In addition to payroll, mortgage interest, rent, and utilities, the following eligible expenses have been added:

- Operations expenditures - Payment for any software, cloud computing, and other human resources and accounting needs.
- Property damage costs - Costs related to property damage due to public disturbances that occurred during 2020 that are not covered by insurance.
- Supplier costs - Expenditures to a supplier pursuant to a contract, purchase order, or order for goods in effect prior to taking out the loan that are essential to the recipient's operations at the time at which the expenditure was made.
- Worker protection expenditure - Personal protective equipment and adaptive investments to help a loan recipient comply with health and safety guidelines related to COVID-19. This includes costs associated with outdoor dining.
- Employer-provided group insurance benefits- Clarity provided that benefits will be included in payroll costs for the first and second draw. This includes group life, disability, vision, or dental insurance.

### Additional Information

- \$15 billion set-aside (initial and second draw) for lending through community financial institutions, including CDFIs and MDIs to increase access for minority-owned and other underserved small businesses and nonprofits.
- Set-aside for small businesses with 10 or fewer employees and for small businesses located in distressed areas.
- Eligibility expanded for critical access hospitals, local newspapers and TV and radio, housing cooperatives, and 501(c)(6) nonprofits, including tourism promotion organizations and local chambers of commerce.
- Repeals the requirement of deducting an EIDL Advance from the PPP forgiveness amount.
- Forgiven PPP loans will not be included in taxable income. Deductions are allowed for expenses paid with proceeds of a forgiven PPP loan. The same applies to EIDL grants and certain loans and loan repayment assistance.

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