



# Eye on Washington Legislative Update



## Paycheck Protection Program Increase Act of 2020

NOTE: On June 5, 2020 the Paycheck Protection Program Flexibility Act (PPPFA or the "Act"), was signed into law to, among other things, extend the time period allowed for businesses to spend PPP loan proceeds, and allow loan forgiveness recipients to continue deferring payment of the employer share of the Social Security tax. Refer to Paycheck Protection Program Flexibility Act of 2020 for more information.

The Paycheck Protection Program Increase Act of 2020 (the "Act") was signed into law on April 24, 2020, and effectively re-opens the Paycheck Protection Program for new applicants. On April 15th, the Treasury and Small Business Administration (SBA) issued a statement noting that the initial appropriation had been exhausted and that, by law, the SBA is not able to issue new loan approvals once the programs experience a lapse in appropriations. The Act amends the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136).

The Paycheck Protection Program is available to organizations with 500 or fewer employees (with some exceptions) and provides forgivable loans to cover an estimated eight weeks of payroll costs, up to \$10,000,000. The Act increases the authorization level for the Paycheck Protection Program from \$349 billion to \$659 billion.

Funding for Emergency Economic Injury Disaster (EIDL) Grants was increased from \$10 billion to \$20 billion. EIDL grants are designed to provide advances of up to \$10,000 to small businesses and nonprofit organizations harmed by COVID-19, within three days of applying for an SBA Economic Injury Disaster Loan (EIDL). The Act also permits agricultural enterprises (as defined in Section 18(b) of the Small Business Act (15 U.S.C. 647(b)) with not more than 500 employees to receive EIDL grants and loans.

The Act also establishes separate funding for smaller financial institutions and credit unions, including minority depository institutions, certified development companies and others. This was intended to facilitate loans to certain small businesses in underserved regions and from smaller banks.



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- \$30 billion is earmarked for loans made by Insured Depository Institutions and Credit Unions with assets between \$10 to \$50 billion; and
- \$30 billion is set aside for loans through Community Financial Institutions, Small Insured Depository Institutions, and Credit Unions with assets less than \$10 billion.
- Lastly, the Act appropriates \$50 billion for the Disaster Loans Program Account.

ADP clients that are interested in seeking a Paycheck Protection Program loan should contact their client relations team for assistance, and to obtain a report of Payroll Costs developed by ADP in accordance with Section 1102 of the CARES Act. This report was

developed specifically to document and substantiate Paycheck Protection Program loan requests, and Treasury/SBA guidance has advised lenders that although lenders are expected to “perform a good faith review ... (of) supporting documents concerning average monthly payroll cost ... minimal review of calculations based on a payroll report by a recognized third-party payroll processor would be reasonable.”

For background on the Paycheck Protection Program forgivable loans and additional information, see

[www.adp.com/covid-19](http://www.adp.com/covid-19).

For Treasury/Small Business Administration FAQs:

<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>

### ADP Compliance Resources

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