



Western Building Material Association

PO Box 1699 - Olympia, WA 98507-1699
909 Lakeridge Drive SW - Olympia, WA 98502
(360) 943-3054 - (888) 551-WBMA - FAX (360) 943-1219

WBMA Member Update May 19, 2020

SBA and Treasury Release Paycheck Protection Program Loan Forgiveness Application

The Small Business Administration (SBA) and Treasury Department recently released the Paycheck Protection Program (PPP) Loan Forgiveness Application and detailed instructions for the application. WBMA members can view the application on our homepage.

The form and instructions advise borrowers on how to apply for forgiveness of their PPP loans, consistent with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The SBA will also soon issue regulations and guidance to further assist borrowers as they complete their applications, and to provide lenders with guidance on their responsibilities.

The form and instructions include several measures to reduce compliance burdens and simplify the process for borrowers including:

- Options for borrowers to calculate payroll costs using an “alternative payroll covered period” that aligns with borrowers’ regular payroll cycles;
- Flexibility to include eligible payroll and non-payroll expenses paid or incurred during the eight-week period after receiving their PPP loan;
- Step-by-step instructions on how to perform the calculations required by the CARES Act to confirm eligibility for loan forgiveness;
- Borrower-friendly implementation of statutory exemptions from loan forgiveness reduction based on rehiring by June 30; and
- Addition of a new exemption from the loan forgiveness reduction for borrowers who have made a good-faith, written offer to rehire workers that was declined.

The application and instructions released last Friday will help small businesses seek forgiveness at the conclusion of the eight week covered period, which begins with the disbursement of their loans.

House of Representatives Passes Phase 4 COVID-19 Relief Bill

Last Friday, the House of Representatives passed H.R. 6800, the Heroes Act, which provides more than \$3 trillion in COVID-19 relief funding for individuals, businesses, and state and local governments. The House legislation was crafted largely along partisan lines and is not expected to receive a vote in the Republican-controlled Senate without significant changes to the bill.

NLBMDA recently sent a letter to the White House and Congress which included a list of priorities important to the lumber and building material (LBM) industry as they continue to negotiate a “Phase 4” relief package. NLBMDA has also created a grassroots action alert that allows members to contact their Representative and Senators in support of these priorities.

Summary of Notable Provisions for the LBM Industry in H.R. 6800, the Heroes Act

- Expands Paycheck Protection Program (PPP) eligibility to 501(c)(6) organizations;
- Reverses IRS guidance to allow for the deductibility of PPP and other small business loan expenses;
- Creates a carve out of 25% for PPP funds to be used specifically for small businesses with 10 or fewer employees;
- Adds flexibility in the covered period for PPP borrowers by extending the 8-week period to 24 weeks and extends the covered period from June 30 to December 31;
- Removes the requirement that 75% of PPP loan proceeds be used for payroll;
- Ensures the principal and interest of PPP loan assistance is not treated as taxable income to small business borrowers;
- Includes \$10 billion for Covid-19 emergency grants through the Economic Injury Disaster Loan (EIDL) program;
- Repeals the limitation on the deduction of state and local income taxes (SALT) for 2020 and 2021.
- Mandates that the Federal Reserve, through the Main Street Lending Program, provide at least one low-cost loan option that small businesses and small non-profits are eligible for that does not have a minimum loan size, overriding the current \$500,000 minimum loan size to participate in the program;
- Expands the existing Employee Retention Tax Credit;
- Provides a 50% refundable payroll tax credit for qualified fixed costs for employers subject to closure by reason of COVID-19;
- Requires OSHA to issue an enforceable standard within seven days to require all workplaces to develop and implement infection control plans based on CDC expertise, and prevents employers from retaliating against workers who report infection control problems;
- Extends the weekly \$600 federal unemployment payment increase through January 31, 2021;
- Provides \$200 billion in hazard pay for essential workers; and
- Provides additional economic impact payments of \$1,200 per family member, up to \$6,000 per household.