

Overview

On March 6, 2020, the US federal government enacted legislation in response to the COVID-19 pandemic, the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (Pub. L. No. 116-123, “Phase I”), providing funding to carry out the Small Business Act’s disaster relief program and \$8.3 billion in emergency funding primarily to treat and prevent the spread of coronavirus.

Small Business Loan Program

Summary: Phase I provides \$20 million to the Small Business Administration (“SBA”) “Disaster Loans Programs Account” for administration expenses to carry out a disaster loan program to aid affected small businesses with low-cost loans and other support.¹ Section 7(b) of the Small Business Act allows special loans to be made available to small businesses and private, non-profit organizations. The SBA provided the following guidance for this assistance program,² much of which has been included in the recently passed Phase III legislation (the CARES Act):

- i. The SBA will coordinate with a state’s or territory’s governor to approve a program (most state programs have already been approved by the SBA);
- ii. Once an application process is available, a business or non-profit can apply for a loan up to \$2,000,000 to be used to pay fixed debts, payroll, accounts payable, and other bills;
- iii. Loans will carry 3.75% interest annually for small businesses and 2.75% for non-profits; and
- iv. Long-term repayment (up to 30 years) will be made available on a case-by-case basis by the SBA based on the borrower’s ability to repay.

Prevention of Coronavirus

Summary: Almost all of Phase I’s \$8.3 billion of funding went to (i) the Department of Health and Human Services (“HHS”) to develop vaccines and make testing more broadly available, (ii) state and local health departments, (iii) CDC emergency funding, and (iv) the United States Agency for International Development (“USAID”) to address international containment of the virus and other issues such as evacuations from U.S. embassies and other State Department facilities. Phase I allows HHS to temporarily waive certain Medicare restrictions and other requirements with the use of telehealth services during the ongoing health crisis.

¹ *Note*, the Phase III legislation (the CARES Act) allows for an additional \$562,000,000 to be appropriated to the SBA’s “Disaster Loans Program Account.”

² More information can be found at <https://www.sba.gov/disaster-assistance/coronavirus-covid-19>.

For additional insights related to business and legal implications as a result of COVID-19, please visit our [Knowledge Center](#).

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