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COVID-19, Insights

Federal and State Governments Provide Relief to Businesses Hurt by the Coronavirus Pandemic

By: Rich May

As the economy continues to suffer, the federal and state governments are working on ongoing efforts to provide relief to businesses. Many businesses and business owners will need support in order to survive what is looking like a protracted downturn in the market and consumer activity due to necessary mitigation efforts to combat the Coronavirus (COVID-19) outbreak. This post provides a summary of current restrictions on Massachusetts business activities related to the Coronavirus Pandemic, as well as current and anticipated state and federal programs intended to help businesses weather the economic impacts of the pandemic.

Advisory Closing Non-Essential Business

On March 23, 2020, [Governor Baker issued an order](#) requiring all businesses and organizations that do not provide "COVID-19 Essential Services" to close their physical workplaces and facilities to workers, customers and the public as of Tuesday, March 24 at noon until Tuesday, April 7 at noon. The list of COVID-19 Essential Services can be found [here](#), and includes electric power generation, transmission and distribution, natural gas and propane transmission and distribution, and maintenance of related facilities. The order prohibits gatherings of more than 10 people except in connection with businesses delivering COVID-19 Essential Services. The order will be enforced by the Department of Public Health, with the assistance of State and municipal police, and violators could face criminal or civil penalties.

Small Business Loans

[Economic Injury Disaster Loans](#) from the U.S. Small Business Administration (SBA) of up to \$2 million dollars are now available for small businesses and nonprofits in Massachusetts that have been negatively financially impacted by the Coronavirus. This relief is also available to the contiguous counties in New Hampshire, Vermont, New York, Connecticut and Rhode Island. Contact your attorney for guidance on eligibility requirements such as "Substantial Economic Injury" and "Small Business." The deadline for applications for these loans is December 18, 2020 and applications can be found at:



Related Services

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<https://disasterloan.sba.gov/ela>.¹

Practice Tip: Not every program will require that the business demonstrate its losses as resulting from the Coronavirus pandemic, but some certainly will. Businesses should prepare for this requirement by contemporaneously documenting their losses (financial documentation of lost earnings, costs incurred from complying with state or local closures, etc.). Your application will be stronger if you can document your losses effectively.

Administrative Tax Relief

On **Wednesday, March 18, Governor Baker announced** administrative tax relief measures in Massachusetts for small local businesses which have been impacted by the ongoing Coronavirus outbreak. This relief is targeted most particularly at the restaurant and hospitality sectors and includes postponing the collection of regular sales tax, meals tax, and room occupancy taxes that would be due in March, April and May so that such taxes will instead be due on June 20. Specifically, businesses that paid less than \$150,000 in regular sales plus meals taxes in the year ending February 29, 2020 will be eligible for relief for sales and meals taxes, and business that paid less than \$150,000 in room occupancy taxes in the year ending February 29, 2020 will be eligible for relief with respect to room occupancy taxes. All penalties and interest that would otherwise apply will be waived.

Emergency regulations from the Massachusetts Department of Revenue are forthcoming to implement these administrative relief measures.

Federal Legislative Relief Efforts

On March 19, 2020, Senate Republicans introduced the **third federal legislative package** addressing the Coronavirus pandemic, dubbed the CARES Act – the Coronavirus Aid, Relief, and Economic Security Act. Congress is currently negotiating the provisions of this proposed bill. We have already written about the aspects of the proposed law that address **relief for consumers including direct payments and student loan forbearance**.

One of the most important provision in this bill allows businesses with fewer than 500 employees to apply for fee-free loans of up to \$10 million that could help cover payroll, employee salaries, mortgages, rent and some other debt obligations. The portion of the loan used by small businesses to cover their payrolls could be forgiven if businesses retain their employees through the end of June 30, 2020. Loans given to businesses with tipped employees, such as bars and restaurants, could be forgiven if they are used to provide additional wages to their employees. Additionally, the CARES bill would defer the payment of employer-side payroll taxes until 2021 and 2022, with half of payroll taxes for 2020 due by Dec. 31, 2021, and the other half due by Dec. 31, 2022. The bill in its current form also contains provisions which would limit some of the emergency sick leave and family medical leave payments recently established in the Families First Coronavirus Response Act.

The proposed CARES bill also includes \$208 billion in loans and loan guarantees for industries that are hurting because of the Coronavirus pandemic. This includes up to \$50 billion for airlines, \$8 billion for cargo carriers and \$150 billion for other unnamed

businesses.

The bill is going through a process of revisions before becoming law. Democratic leadership has already pointed out that the bill currently lacks provisions that “prioritize and protect workers, such as banning the recipient companies from buying back stock, rewarding executives, and laying off workers.” The final version of the law may differ significantly from what has been proposed thus far.

Waiver of Unemployment Waiting Period

On March 18, 2020, [Governor Baker signed a bill](#) temporarily waiving the one-week waiting period for unemployment benefits for workers who are otherwise eligible and have become unemployed because of the COVID-19 outbreak or resulting state of emergency. The legislation is effective as of March 10, 2020 and is set to expire 90 days after termination of the state of emergency.

Extended License Renewals

[Massachusetts has granted relief to licensed professionals](#) who must otherwise renew their licenses during the Coronavirus emergency. Specifically, occupational or professional licenses of individuals that are in good standing shall be extended for 90 days after the end of the public health emergency.

WorkShare and Rapid Response

The Executive Office of Labor and Workforce Development has announced several new programs as resources to employees and businesses during these time.

The [WorkShare program](#) is a tool to help employers avoid layoffs during a downturn. Employers can divide available work between affected employees instead of laying off workers. It allows employees to receive partial unemployment insurance benefits while working reduced hours.

The [Rapid Response program](#) works closely with companies to avert layoffs and keep a skilled workforce engaged in the existing regional economy or industry.

Emergency Child Care Programs

Starting March 23, 2020, [all early education centers and childcare providers in Massachusetts have been ordered to close](#) in order to mitigate the spread of the Coronavirus. Providers impacted by these closures will continue to receive child care subsidy payments from the state. However, a certain number of childcare facilities will receive the designation of Exempt Emergency Child Care Programs in order to provide childcare primarily to families who work to maintain the health, safety, and welfare of Massachusetts residents. Additional childcare space may be available at these programs for vulnerable children of people who must go to work but aren't necessarily emergency personnel. A program that wishes to apply to be an Exempt Emergency Child Care Program must adhere to strict safety and health standards and complete an application at:

<https://docs.google.com/forms/d/e/1FAIpQLSfLfeCesZdBAUMFCfQ7wqS-xqhrY3nDzaZDBdbPUlro8Zyv2w/viewform>.

The responses to COVID-19 are dynamic and rapidly changing as public health and economic circumstances evolve. Attorneys at Rich May will continue to monitor governmental relief efforts that may benefit our clients in these challenging times.

Businesses with questions can contact Rich May, P.C. attorney Nathaniel Donoghue.

Disclaimer: This summary is provided for educational and informational purposes only and is not legal advice. Any specific questions about these topics should be directed to attorney Nathaniel Donoghue.

1. On **March 16, 2020, Governor Baker had announced** a separate \$10 million dollar Small Business Recovery Loan Fund. Although information on that fund is still available on certain official state websites, as of March 19, 2020, the program has officially stopped accepting applications due to the availability of the SBA disaster loan program. Business owners who already applied to the Small Business Recovery Loan Fund are encouraged to apply for an SBA Economic Injury Disaster Loan. [X]