



DMO Relief **NOW** and What's **NEXT**

U.S. TRAVEL
ASSOCIATION®

PPP INCREASE ACT OF 2020

- **Phase 3.5 legislation** passed this week to replenish funds for the Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL) Program
 - It provides an additional **\$310 billion for the PPP** and **\$60 billion for the EIDL Program**, as well as additional funding for hospitals and healthcare providers
 - The bill was **intended to be narrow** and specifically address funding shortfalls for these two programs
 - No **change to eligibility, increase in PPP loan amounts** or **more flexible loan forgiveness**

A hand holding a tablet displaying a website, with a blue overlay and text. The background is a blurred image of a person's hand holding a tablet, with a blue overlay covering the lower half of the image. The text "The Paycheck **Protection** Program" is written in white, with "Protection" in bold.

The Paycheck **Protection** Program

Current **Asks**

- Ensure **Robust Testing** and Contact Tracing
- **Incentivize** Business & Leisure Travel
- Create a **Temporary Travel Tax Credit**
- Reinstate the **Entertainment Business Expense Deduction**
- Promote **Healthy Travel Practices**
- Economic Development Assistance Program **Grants**
- Reinvest in and **Modernize** Travel Infrastructure
- Invest in the **Conservation and Visitor Experience** of National Parks and Public Lands
- Fund the **National Travel Infrastructure Strategy**
- **Preparedness** for the Future
- Federal Backstop for **Pandemic Risk Insurance**

DMO Eligibility for CARES Act Assistance

501c4 and 501c6 organizations:

- SBA Coronavirus Economic Injury Disaster Loans
- Exchange Stabilization Fund
- Community Development Block Grants (subject to local discretion)
- Economic Development Administration Grants (subject to federal discretion)
- Employee retention tax credit and payroll tax deferral

Political Subdivisions, States or Municipalities:

- Exchange Stabilization Fund
- Community Development Block Grants (subject to local discretion)
- Economic Development Administration Grants (subject to federal discretion)
- Payroll tax deferral

SBA Economic Injury Disaster Loans

WHO IS ELIGIBLE?

- ✚ **SELF-EMPLOYED INDIVIDUALS**
- ✚ **SMALL BUSINESSES THAT HAVE 500 OR LESS EMPLOYEES**, with some exceptions.
- ✚ **COOPERATIVES** with 500 employees or less
- ✚ **ANY NON-PROFIT ORGANIZATION**
- ✚ **EMPLOYEE STOCK OWNERSHIP PLANS** with 500 employees or less.

MAIN BENEFITS

- **Available to a broad group of businesses** and organizations.
- Can be used for a broad **array of purposes**.
- You can go directly to the SBA.
- You can be **approved on Credit Score alone**.
- You don't have to exist for more than a year (only since January 31).
- You don't have to provide a personal guarantee for loans of \$200,000 or less.
- **Quick way to get cash.**
- You can get an **immediate grant** of \$10,000 within 3 days of applying.

MAX LOAN

- The maximum loan amount is **based on lost revenue due to COVID-19**
- Up to **the amount needed to cover ordinary expenses** (statutory cap of \$2 million)

Community Development **Block Grants** (CDBG)

CARES Act provided **\$5B in additional funding** for the CDBG program to help states and local governments, in three tranches.

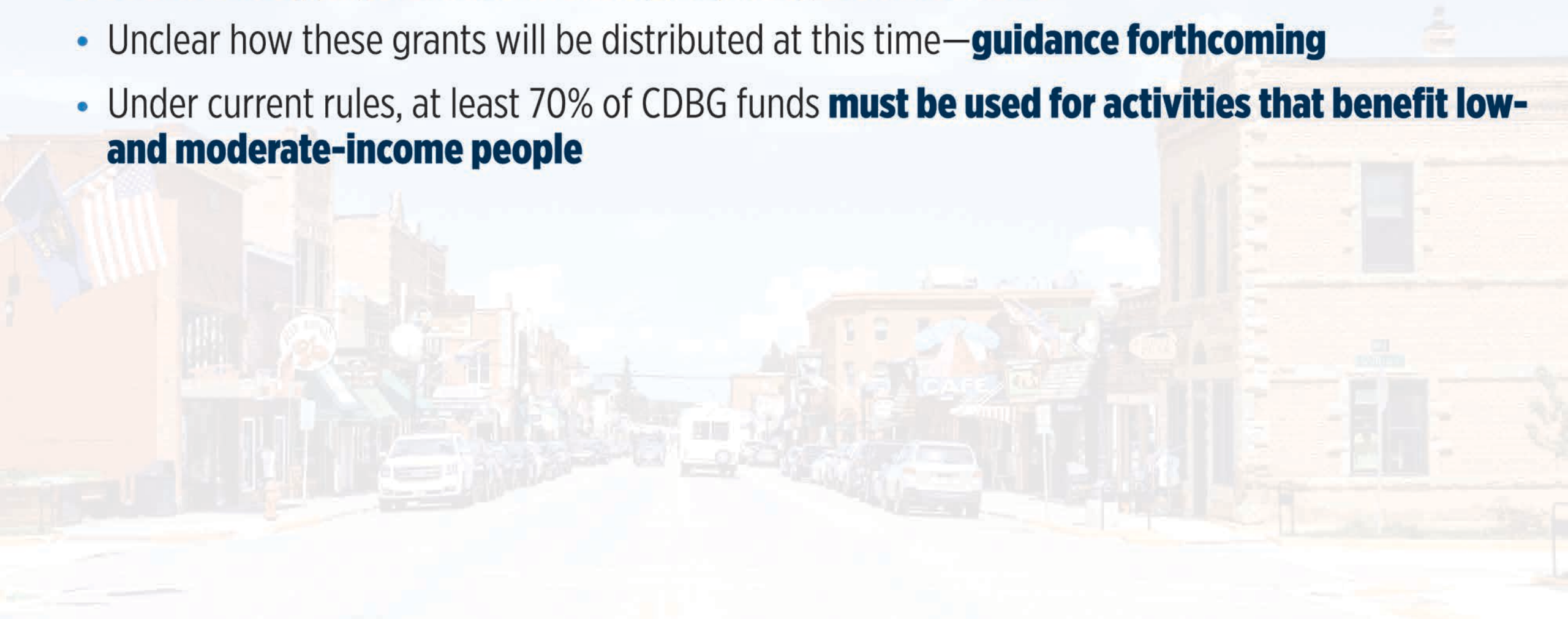
First round of funding (\$2B) has already been distributed:

- **Reach out to a grantee ASAP** to seek subgrants for tourism promotion
- **Template letters are on our website:** one for DMOs to contact CDBG grantees, one for CDBG grantees to request HUD waiver
- Waivers for tourism promotion must be **requested by the grantee**, NOT the DMO

Community Development **Block Grants** (CDBG)

Second round (\$1B) and third round (\$2B) not yet distributed:

- Unclear how these grants will be distributed at this time—**guidance forthcoming**
- Under current rules, at least 70% of CDBG funds **must be used for activities that benefit low- and moderate-income people**



Economic Development Administration **Disaster Grants**

CARES Act provided **\$1.5 billion for EDA's Economic Adjustment Program**, which can be used by grantees to respond to economic injury as a result of COVID-19.

Eligible grantees: state and local governments; nonprofits with support of a state or local government; Economic Development Districts

Eligible projects: Eligible applicants must identify projects that align with an approved Comprehensive Economic Development Strategy (CEDS) AND either:

- Help avoid actual or threatened severe unemployment,
- Address economic adjustment problems resulting from severe changes in economic conditions, or
- Provide loans to small businesses that can't otherwise access credit

Economic Development Administration **Disaster Grants**

Notice of funding opportunity **expected in the next week:**

- May consist of **grants, loans, or both**
- Once released, eligible grantees must submit applications to **EDA regional office**

Focus of grants: long-term economic development in conjunction with support from private and public sectors

Reach out to your regional economic development authority ASAP



TAX RELIEF

✈ EMPLOYEE RETENTION TAX CREDIT

- Available to any **non-governmental employer**
- Must have been **forced to fully or partially shut down** due to a government order OR **experienced more than 50% decline in gross revenue** in a quarter this year (compared to same quarter last year)
- **Not eligible:** State agencies, local agencies, subdivisions of states, instruments of state or local government
- Refundable tax credit worth 50% of eligible employee compensation (up to \$5,000 per employee)
- **Families First Coronavirus Response Act:** These benefits cannot be included in employee compensation calculation
- Can claim the credit on **Form 941** and request an advance by filing **Form 7200**

✈ DEFERRAL OF EMPLOYER PAYROLL TAXES

- Available to **all employers and self-employed individuals**, including governmental entities
- **Not eligible:** Anyone who has SBA interruption loans forgiven under the Payroll Protection Program
- Can only be claimed by **direct employers**, not third-party payroll administrators or Professional Employer Organizations
- **Defer the employer portion of Social Security taxes** owed this year to 2021 (50% deferred taxes must be paid) and 2022 (remaining balance must be paid)



ACCESS THE **TOOLKIT:**

ustravel.org/DestinationResources