**New Legislation Proposed to Help Keep You in Business: *Keeping Workers Paid and Employed Act***

In these unprecedented times, many businesses are facing closures due to economic conditions and/or government-mandated shutdowns. As a result, terminations and layoffs are widespread. In an effort to stave off continued losses, Senators Marco Rubio (R-FL), Susan Collins (R- ME), and Lamar Alexander (R-TN) have proposed *The Keeping Workers Paid and Employed Act* to provide $300 billion to implement a small business emergency economic relief plan. The Act aims to prevent workers from losing their jobs and small businesses from going under due to economic losses caused by the coronavirus pandemic.

The [plan](https://www.rubio.senate.gov/public/_cache/files/12acbadf-0e90-4790-8379-018fb54870b1/8EE9BBAACAF810E3D500A1C48D9FE50F.keeping-workers-paid-and-employed-act-section-by-section-sbc-final.pdf) would provide cash-flow assistance through 100% federally guaranteed loans to employers who maintain payroll during this emergency. Such loans could be used for payroll support, including paid sick leave, supply chain disruptions, employee salaries, mortgage payments, and other debt obligations. If employers maintain their payroll, the loans would be forgiven, which would help workers remain employed and affected small businesses to bounce back after the emergency. The plan would be retroactive to March 1, 2020, to help bring workers who may have already been laid off back onto payrolls.

Below are highlights of the proposed Act:

**Small Business Assistance**

• Small employers with 500 employees or fewer will be eligible to apply for the loans.

• Loans would be immediately available through existing Small Business Administration-certified lenders, including banks, credit unions, and other financial institutions, and SBA would be required to streamline the process to bring additional lenders into the program.

• The Secretary of Treasury would be authorized to expedite the addition of new lenders and make further enhancements to expedite delivery of capital to small employers.

• The size of the loans would be tied to an applicant’s average monthly payroll; mortgage, rent, and utility payments; and other debt obligations over the previous year. The maximum loan amount would be $10 million.

• Conditional upon business retaining their employees and payroll levels during the covered period (March 1, 2020, through June 30, 2020), the portion of the loan used to cover payroll and payments on pre-existing debt would be forgiven. Further, employers with tipped employees would receive forgiveness for additional wages paid to such employees during the covered time.

• The bill would provide $300 billion to support these loans.

**Loan Guaranty Program**

• The bill would expand the allowable uses for the existing 7(a) Small Business Administration loan program to permit payroll support, including paid sick leave, supply chain disruptions, employee salaries, mortgage payments, and other debt obligations to provide immediate access to capital for affected small businesses.

• The maximum loan amount for SBA Express loans would be increased from $350,000 to $1 million. These loans provide borrowers with revolving lines of credit for working capital purposes.

• The cost of participation in the 7(a) program would be reduced for both borrowers and lenders by providing fee waivers, an automatic deferment of payments for one year, and no prepayment penalties.

**Entrepreneurial Assistance**

• The bill would provide grants to offer counseling, training, and related assistance to small businesses affected by COVID-19:

o $240 million for SBA Small Business Development Centers and Women’s Business Centers. The non-federal match for Women’s Business Centers would be waived for a period of three months.

o $10 million for Minority Business Development Agency’s Minority Business Centers

o $25 million for grants to associations representing resource partners.

Though the bill is still in a proposal stage, employers can already visit the Small Business Association’s [Coronavirus page](https://www.sba.gov/disaster-assistance/coronavirus-covid-19#section-header-1) for information about and to apply for Economic Injury Disaster Loans (EIDL) currently available to eligible businesses. Even if approved, businesses are not obligated to accept EIDLs, so many are erring on the side of caution and applying.

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