



## **SC CHAMBER OF COMMERCE CALL WITH U.S. SENATOR TIM SCOTT**

APRIL 3, 2020

Q1: After small businesses start receiving PPP money, how long do they have to continue to maintain their employment levels?

A1: After the employer receives the loan, currently the legislation seems to state they need to maintain those levels for the indefinite future. Senator Scott has asked for further guidance from the Treasury on this issue and will hopefully have more clarity by Tuesday or Wednesday of next week.

Q2: The PPP was supposed to start today – but there are some delays in getting that application up and running, any idea how long before that gets started?

A2: Some banks are starting today. There were conversations between the SBA and the Treasury last night and it seems like they are close to working out most of the kinks. Senator Scott's recommendation is to make sure when businesses apply, apply with an institution with which they already have a financial relationship – it will greatly expedite the process and they should have the money within 7-10 days. If they go to a new institution, the liability exposure is increased and the process will take much longer.

Q3: Can you expound on non-profits being included in the CARES Act?

A3: Non-profits and not-for-profits are unquestionably eligible. Current SBA forms do not include any verbiage for non-profits, so it is taking some time to get those processes and forms updated. The same program requirements and expectations apply to non-profits as other businesses which are eligible.

Q4: Measures in the bill are focused on businesses that are 500 employees or less, are there plans to include businesses whose corporate umbrella may put them over 500?

A4: This mainly applies to franchises that may have multiple locations but operate independently. Senator Scott has discussed this with Senator Rubio and three other senators to get something worked out for them. Guidance is coming out later and Senator Scott will send information to the Chamber to distribute to get the word out.

Q5: The unemployment insurance benefit has been increased to an additional \$600 per week as part of the federal legislation – how will this work for states?

A5: The money will be allocated to each state. In addition to the amount of the benefit being increased, the definition of an unemployed person increased dramatically as well. That increased definition now includes self-employed persons, independent contractors, and gig workers. The increased benefit of \$600 per week is for a maximum of 16 weeks.

Q6: How should employers and employees handle health insurance during this time?

A6: Under the new CARES Act an employee can be temporarily furloughed but stay on their employer's health insurance plan and still qualify for unemployment. Employers are permitted to use part of an approved PPP loan for these health insurance costs. However, there is likely to be a situation where many employers are not able to pay their furloughed employees' health insurance costs. Normally, those people would be able to apply for health insurance under the Affordable Care Act but there is a question about the eligibility window. Senator Scott is looking into that now.

Q7: The bill allows retirement account withdrawals – how does that work, and do you recommend that?

A7: Senator Scott does not recommend that option. Although people can withdraw up to \$100,000 from a 401K without the 10% penalty, that money will be added into their regular income so they will be taxed

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heavily on it. The Senator cautioned this should only be used as a last resort. A small business has the ability to delay payroll tax payments for 2020 and pay half of it in 2021 and other half in 2022.

Q8: A lot of manufacturers are transitioning to making PPE and they are concerned about liability. Are there conversations at federal level about providing liability protection for them?

A8: There are a lot of conversations about this. The currently liability exposure is oppressive. The DPA and CARES Act do relax some of the provisions, mainly for ventilators, but Senator Scott expects to see an expansion of this in the future.

Q9: Is there language in the bill that businesses should be concerned about with respect to unions?

A9: The language in the bill is mainly directed at commercial paper facilities. Treasury Secretary Steve Mnuchin believes there is a way to work around the language because they do not apply to every transaction. There is very little exposure in the language for small businesses.

Q10: Should we expect new guidance to come out regarding the general public wearing masks?

A10: Senator Scott recently had conversations with White House Health Adviser Dr. Anthony Fauci. The following are the Senator's thoughts – masks are mainly helpful for those who already have COVID-19 to prevent them from spreading it to others. Given that they suspect up to 25% of those who have COVID-19 may be asymptomatic, it may be helpful for more individuals to wear masks or handkerchiefs – but he suspects further official guidance may be targeted at hot spots rather than nationwide.

Q11: How long do officials expect this to last? What are we learning that may be helpful in the future?

A11: The length and the amount of deaths all depend on how much we follow the recommendations like social distancing and proper hygiene. We are learning a lot about social distancing. They have been calling for us to practice these same things every flu season, but that guidance has largely gone unheeded in past years. We are seeing science and technology move at a speed like never before – they are researching tests and vaccines rapidly. They are developing a number of extremely fast tests that could have results within minutes or hours – those should be hitting the market within several weeks.