



## Legislative Council Staff

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## Memorandum

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Updated April 3, 2020

**TO:** Interested Persons

**FROM:** Anne Wallace, Research Analyst, 303-866-4364

**SUBJECT:** Resources for Small Businesses in Response to COVID-19

### Summary

This memorandum provides an overview of federal, state, and local programs to assist small business owners and employees in Colorado during the economic instability caused by the coronavirus (COVID-19). In order to qualify for assistance programs as a small business, a business must meet certain size standards that vary according to the program. The size standards may include a maximum number of employees and maximum average annual business receipts or revenue.

### U.S. Small Business Administration Loans

The U.S. Small Business Administration (SBA) is a federal agency that provides counseling, capital, and contracting expertise to small business owners and entrepreneurs.

**Economic Injury Disaster Loan.** The SBA offers low-interest, long-term loans for physical and economic damage caused by a declared disaster. One of these loans is an Economic Injury Disaster Loan (EIDL) for small businesses, agricultural cooperatives, and private nonprofit organizations that suffer substantial economic injury. The business or organization must be located in a declared disaster area in order to receive EIDL funding up to \$2 million.

The SBA may make an economic injury declaration if a state certifies, by providing supporting documentation, that at least five small businesses in a disaster area have suffered substantial economic injury as a result of the disaster. The certification must be signed by the state's governor. The COVID-19 virus qualifies as an economic injury disaster. On March 17, 2020, the SBA revised the requirements for a state to request an economic disaster declaration from the SBA due to COVID-19, to make it easier to access SBA loans statewide, rather than by county.<sup>1</sup>

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<sup>1</sup>U.S. Small Business Administration. *SBA Updates Criteria on States for Requesting Disaster Assistance Loans for Small Businesses Impacted by Coronavirus (COVID-19)*. March 17, 2020. <https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/sba-updates-criteria-states-requesting-disaster-assistance-loans-small-businesses-impacted>

On March 19, 2020, the SBA approved Colorado's request for a disaster declaration and access to SBA loans for all Colorado counties. Colorado businesses may apply for the loan on the SBA website [here](#).

**Paycheck Protection Program.** The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The CARES Act established and provided funding for the Paycheck Protection Program (PPP) in the SBA. Small businesses may use PPP loans to keep employees on the payroll that might otherwise have been furloughed or laid off, and to pay rent, mortgage interest, or utilities. The loan program is available to small businesses and nonprofit organizations with fewer than 500 employees, and eligible recipients may receive up to \$10 million. The SBA may forgive PPP loans if the funds are used for payroll costs, interest on mortgages, rent, and utilities, and if certain conditions are met. According to the SBA, at least 75 percent of the loan amount must have been used for payroll in order for the loan to be forgiven. More information on the PPP loan and application process may be found [here](#).

## **State Programs and Resources for Small Businesses**

**COVID-19 Business Resource Center.** The Colorado Office of Economic Development and International Trade (OEDIT) created a business resource center that includes information about federal and state programs to assist businesses and their employees during the COVID-19 pandemic. The center offers assistance to business owners and employees in applying for the various programs. The center's website is [here](#).

**Colorado Small Business Development Center Network (SBDCN).** The SBDCN in the OEDIT helps existing and new small businesses by providing free consulting and free or low-cost training programs. The SBDCN has information on national and state loan and grant programs for small businesses, and offers assistance to businesses in applying for funds. The SBDCN website also links to COVID-19 resources for specific industries like tourism, manufacturing, and restaurants and food services. Finally, the SBDCN created a Disaster Recovery and Continuity Guide for Colorado businesses with information on how to prepare, respond, and recover from disasters. This guide was created in response to flooding and wildfire disasters, but applies to the current COVID-19 pandemic. The guide and COVID-19 resources can be found [here](#).

**Economic Stabilization and Growth Council.** Recently, the Governor announced the creation of an Economic Stabilization and Growth Council, made up of various industry representatives, community leaders, and state government representatives. Members of the council will serve as economic advisors to the Governor for the duration of the COVID-19 pandemic. Additional information about the council has not yet been released.

## **Local Resources for Small Businesses**

Colorado cities and counties are developing local resources for small businesses impacted by COVID-19. Two examples are discussed below. For information about specific actions taken by a local government, please visit the local government's website.

**Denver.** The City and County of Denver recently announced the creation of a \$4 million relief fund for small businesses most impacted by COVID-19. The funds will be distributed as cash grants that are prioritized for businesses that have been forced to lay off staff, are unable to pay rent and utilities, or have been forced to temporarily close.<sup>2</sup>

**Pueblo.** The city of Pueblo recently created the Business Economic Recovery Team, which consists of local government partners, chambers of commerce, and other business associations and trade groups. The team is working on a survey to collect information on COVID-19's impact on businesses, and conducting trainings on new technologies or platforms for small businesses that may help them adapt to changes due to COVID-19.<sup>3</sup>

## Unemployment Compensation

Employees of small businesses that have been laid off, furloughed, or have had their hours decrease by a certain amount may be eligible for unemployment compensation through the Colorado Department of Labor and Employment. More information on eligibility and how to apply for Colorado's Unemployment Compensation program may be found [here](#).

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<sup>2</sup>City of Denver. *Denver Announces Initial Economic Relief Package for Businesses, Employees*. March 19, 2020. <https://www.denvergov.org/content/denvergov/en/city-of-denver-home/news/2020/denver-announces-initial-economic-relief-package-for-businesses-.html>

<sup>3</sup>Latino Chamber of Commerce of Pueblo, Inc. *Pueblo Business Economic Recovery Team*. <https://www.pueblolatinochamber.com/pueblo-business-economic-recovery-team/>