



LCDC hosted a webinar with Secretary David Toland of the Kansas Department of Commerce yesterday, April 1, 2020. We appreciate the 70 people who participated in the call and hope it was valuable to you all. For those who listened in on the call and for those who weren't able to join us, here's a brief summary of Secretary Toland's remarks and answers to your questions.

HIRE Program

On March 20 at 9:30 AM, the HIRE loan program was announced to assist businesses within the hospitality industry during COVID-19. Within 24-hours, the \$5 million was exhausted. We were able to assist 346 businesses in Kansas. We were not able to fund 1,200 additional applicants. We are encouraging businesses to continue completing the application for this program for two reasons: 1) to gather data that will help us understand the need and 2) if additional resources become available, we will continue providing loans on a first come, first served basis. Here is a link to more information about the HIRE program and access to the application:

<https://www.kansascommerce.gov/2020/03/5-million-of-hire-fund-loans-have-been-awarded-to-kansas-hospitality-businesses/>.

SBA Programs

Kansas was approved as a disaster state which allows businesses to apply for the SBA Economic Injury Disaster Loan (EIDL). The volume of businesses that need help is enormous so in an effort to help, Kansas Department of Commerce has trained 10 staff members to assist with the application process.

If businesses have questions about the SBA programs or the status of their applications, they can e-mail: disastercustomerservice@sba.gov or call their customer service line at 800-659-2955. You can also go to <https://www.kansascommerce.gov/> to use the online chat service which will be available soon.

CDBG Program

The Kansas Department of Commerce identified \$6.3 million in CDBG funds that currently reside with 36 Kansas communities, which already use them for revolving loan programs for small businesses. Under normal circumstances, the process takes more than 30 days for communities to conduct environmental reviews and issue public notice before a loan can be issued. We dramatically streamlined the process so these communities can issue working capital loans—the loans most needed by small businesses right now—in as little as two days.

The Department of Commerce will provide environmental certifications within 24 hours, and the public notice period has been shortened from 30 days to 24 hours. This means local communities can make revolving loans to rapidly meet the needs of businesses in

their communities within days, not weeks or months. (*NOTE: Communities in Leavenworth County receive CDBG funds through a different funding stream and are not eligible for this program.*)

Mainstreet

Any unallocated Incentives Without Walls (IWW) funds can be loaned to support working capital to assist businesses in Main Street communities.

CARES Act

CARES Act is part of the stimulus plan and is being made available rapidly. At the State government level, an estimated \$1.25 billion is what we expect for Kansas for Coronavirus-related expenses. We do not know precisely what we could use that money for yet. More to come on that later.

\$10 million in the CARES Act will be allocated for minority business development. The CARES Act also includes \$75 million for the National Endowment for the Arts. 40% of that will be allocated to state arts commissions, which in Kansas is the Kansas Creative Arts & Industries Commission

Other business resources in the Care Act include:

- a. Waived the personal guarantee requirements on advances and loans below \$200,000, that an applicant needs to be in business for one year, and the requirement that businesses need to have sought credit elsewhere prior to making application.
- b. \$350 billion allocated for loans that target small businesses for working capital needs. Loans can be made for 2.5 times the cost of total payroll for 2 months prior to the disaster up to \$10 million.
- c. A tax credit for retaining employees that's worth up to 50% of the wages paid during the crisis for businesses that have been forced to suspend operations or have seen their gross receipts fall by 50% or more due to the disaster.
- d. Delay of the federal payroll tax for employers. Half due by the end of 2021 and the other half due by the end of 2022.

Unemployment Insurance

A major change to Unemployment Insurance is the additional \$600 per week that will be allowed for 4 months above and beyond what was normally allowed. Typically, the average is \$350 per week, so, for example, an average payment would be \$350 + \$600= \$950 per week. This expands to self-employed and independent contractors.

Kansas Works

Kansas Works offices are closed to the public, but are still available by phone. They are experiencing a heavy call volume (1,200% increase). Kansas Department of Commerce staff is being cross-trained on Unemployment issues.

If you are an employer that must lay off or furlough workers, please file the list of employees on a spreadsheet with KDOL. The alternative is that each employee files their own UI which gums up the process and slows it down.

Questions

- Is there an official designation or application process required to be deemed “essential” as a supplier to critical business segments?

Please read the Executive Order 20-16: <https://governor.kansas.gov/wp-content/uploads/2020/03/EO20-16.pdf> If you still question whether or not your business is considered “essential”, email keff@ks.gov.

- How does the CARE Act and KS Unemployment Insurance impact employer experience rating and future UI tax costs?

We do not know yet. We are still waiting on guidance from USDOL.

- I have a question about how this new relief bill can help independent contractors whose business have been interrupted by the shutdowns. Is there unemployment or loans available for them? Some don't have employees but have been doing government or private contracts that have basically stopped all together. So, they have no income to speak of. Is there any relief for them?

Unemployment insurance is expanded to self-employed and independent contractors.

- Will Kansas allow me to defer my April sales tax payment?

Unfortunately, no.

- If a company wants to produce Personal Protective Equipment (PPE) like face masks, is there a way to get those face masks to the right people, and if so, is there a protocol they need to follow when making the masks or other PPE?

Reach out to Sonia Hall with BioKansas at sonia@biokansas.org. She has been doing a good job connecting providing connections among providers and users of equipment in the life science space. It depends on the type of PPE in question and their standards. If Sonia cannot provide clarity, contact Secretary David Toland at david.toland@ks.gov or Abby Works at abby.works1@ks.gov.

- How can a self-employed person apply for the unemployment benefit in the CARES Act?

We are still waiting on direction from Washington, D.C.

- Are there resources that are pass through from the federal government that come directly from the stimulus program that are directly beneficial to County government insofar as relief efforts, pass through loans/grants for businesses in the county, business operating loans, local government expense? How quickly can the resources be applied for and does the department offer assistance in making application?

No.

- My SBA loan officer and my Commercial Loan officer are different and their understanding of options are also very different. My business is able to take out an immediate loan from our Commercial bank. This loan will allow for payments for monthly work expenses, commercial property loans, and worker compensation during this time of shut-down. This loan will allow me to hire back and/or keep employees on payroll and make sure standard monthly expenses are covered. What is critical to understand is that at the end of 8-weeks or some timeframe that loan would be FORGIVEN. That is where my commercial bank has not received anything that substantiates that from our Federal Government. The bank is telling me this is just a loan with no forgiveness.

See attached FAQ received from the Senate that specifically references the forgiveness portion. You can also ask this question in an online chat at www.kansascommerce.gov.

- I am interested in the Paycheck Protection Program (PPP) but think I may want to apply for the Economic Injury Disaster Loan (EIDL) program. Should I apply for the EIDL on line while working with my bank as SBA works on the details required of the PPP? Will just applying for the EIDL exclude me from accessing the PPP, or can I actually receive help from both programs if funds are used for different purposes?

If you have been approved for an SBA EIDL after January 31, 2020 and you now feel a PPP would be more beneficial for your business, you will be able to refinance into PPP to get loan forgiveness. If you take \$10,000 (the EIDL Emergency Bridge Loan), it will be subtracted from your PPP. You cannot have both EIDL and PPP for the same purposes, though. Again, see the attached two page FAQ on the “Paycheck Protection Program for Small Businesses.”

If you have any questions related to the information shared in the webinar, feel free to reach out to Abby Works to (abby.works1@ks.gov) or Secretary Toland (david.toland@ks.gov) with any questions.

And of course, we at LCDC are also available to assist you in any way we can: Steve Jack: sjack@lvcountyed.org, Lisa Haack: lhaack@lvcountyed.org, or Mary Mack: mmack@lvcountyed.org

Be safe. Be strong.