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Memorandum

Updated May 12, 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.¹

¹U.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.

Due to a lack of funding for the program, the SBA was unable to process new applications for the EIDL after April 15, 2020. On April 24, 2020, Congress appropriated additional funding for the EIDL and opened eligibility to agricultural small businesses. The SBA also announced that agricultural business applications for the EIDL would be prioritized and processed before nonagricultural applications.² 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.

Due to high demand and a lack of funding, the SBA was unable to process new applications for PPP loans after April 16, 2020. On April 24, 2020, Congress appropriated an additional \$310 billion to the PPP, and businesses could resume applying for the loan. 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](#).

²U.S. Small Business Administration. *SBA to Make Economic Injury Disaster Loans Available to U.S. Agricultural Businesses Impacted by COVID-19 Pandemic*. May 4, 2020. <https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/sba-make-economic-injury-disaster-loans-available-us-agricultural-businesses-impacted-covid-19>

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, including subcommittee meeting information, can be found [here](#).

Local Resources for Small Businesses

Colorado cities and counties have developed 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.

Colorado Springs. The City of Colorado Springs created various resources for small businesses as part of a COVID-19 business relief package. The package includes loan and grant programs for small businesses, and waives fees for late payment of the local sales and use tax and for license renewals.³

Denver. The City and County of Denver created 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.⁴

Summit County. Summit County has a small business assistance program to provide grants of up to \$5,000 for small businesses that are located in unincorporated areas of the county that have been closed or severely impacted by COVID-19. The grants may be used for expenses like payroll, rent, mortgages, utilities, and supplies.⁵

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 (CDLE). More information on eligibility and how to apply for Colorado's Unemployment Compensation program may be found [here](#). In addition, the Pandemic Unemployment Assistance program, also administered by CDLE, provides assistance to individuals who are self-employed, gig workers, or independent contractors and do not qualify for regular unemployment compensation. More information about this program and how to apply for assistance can be found [here](#).

³Colorado Springs. *COVID-19 Response: Helping Businesses*. <https://coloradosprings.gov/page/covid-19-response-helping-businesses>.

⁴City 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>.

⁵Summit County Colorado. *Summit County Small Business Assistance Grants*. <https://summitcountyco.gov/1317/Small-Business-Assistance-Grants>.