

TO: NAW Direct Members

FROM: NAW Government Relations Team

DATE: April 6, 2020

### **Update on COVID-4 Small Business Lending Program:**

Today, the Federal Reserve announced it will establish a facility to provide term financing backed by Payroll Protection Program loans. Basically, in a bid to free up banks' balance sheets to make more payroll protection loans, the Federal Reserve will buy those loans, which are already insured by the Small Business Association (SBA).

The Wall Street Journal reports, "the move would establish a secondary market for loans guaranteed by the SBA's Payroll Protection Program, part of a \$2.2 trillion economic relief package President Trump signed last month to help individuals and businesses affected by the coronavirus pandemic." While we haven't seen it explicitly stated, it appears that this new Fed initiative is the implementation of the "Main Street Lending Program" the CARES Act authorized them to create.

As we reported on Saturday the PPP program got off to a rocky start and has endured a certain amount of criticism due to confusion regarding the package. Reports today are that the program is working much more smoothly and loans are being processed much more efficiently. And notably, both U.S. Treasury Secretary Mnuchin and President Trump have stated that, if necessary, more money will be requested from Congress when the initial \$349 billion runs out.

According to the two-sentence statement the Federal Reserve released this afternoon, they will be issuing additional details later this week. We will of course keep you advised as more clarity becomes available on these programs.

Click here to read the Wall Street Journal story on today's Fed announcement:

<https://www.naw.org/wp-content/uploads/2020/04/WSJ-April6.pdf>

### **Found Money?**

A sometimes-overlooked relief provision in the CARE Act is one which provides automatic payroll tax relief to companies. This Employee Retention Credit can provide up to \$5,000

per employee in credits to the employer. No approval is necessary and the estimated refundable portion of the credit can be advanced. It is available to companies of all sizes that qualify.

Click here to read NAW's Legal Advisory on this program: <https://www.naw.org/wp-content/uploads/2020/04/LA-2020-3-April6.pdf>

**NAW / ITR Economics Webinar with Alan Beaulieu**  
**“Distribution Industry: Navigating the Crisis” • April 9, 2020 • 3:00 PM EDT**  
**Seats are limited -- Purchase your seat today at:**  
<https://www.naw.org/navigating-the-crisis/>

Many thanks—

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*National Association of Wholesaler-Distributors*

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