

May 29, 2020 – 9:30 AM

Please note resources and updates are evolving rapidly.

Resources

- The federal government released a [document](#) last week listing the criteria small businesses must follow to have Paycheck Protection Program (PPP) loans forgiven.
 - And, the U.S. Small Business Administration [released guidance](#) on loan forgiveness for the PPP.
 - While the guidance does provide some clarity on several loan forgiveness questions, the guidance does not alter the eight-week period during which PPP funds must be spent to qualify for forgiveness and does not change the requirement that borrowers spend at least 75% of the funds on payroll costs. The issue may be addressed by Congress – please read today’s federal update for more information on the issue.
 - The U.S. Small Business Administration announced Thursday that \$10 billion in PPP funding will be set aside by SBA for lending exclusively by Community Development Financial Institutions (CDFIs); CDFIs expand economic opportunity in low-income communities by providing access to financial products and services for local businesses and residents.

- Under the Families First Coronavirus Response Act, employers can grant paid leave for an employee to take care of their health needs related to COVID -19 or to care for their family members.
 - In addition to the relief for employees, businesses can claim [two new refundable payroll tax credits](#) for granting paid leave to their employees.
 - The paid sick leave credit and paid family leave credit are available for eligible employers who pay qualified sick leave wages and/or qualified family leave wages from April 1, 2020 through December 31, 2020, and who have fewer than 500 employees.
 - For more information:
[Coronavirus Tax Relief](#)
[Coronavirus Tax Relief for Individuals and Families](#)
[Coronavirus Tax Relief for Businesses and Tax-Exempt Entities](#)

- On May 7, the Economic Development Administration (EDA) began accepting applications for CARES Act Recovery Assistance funding opportunities.
 - EDA is accepting non-competitive CARES Act Recovery Assistance funding opportunities applications that are submitted within 30 days of the date of the invitation letter.
 - Submissions will be accepted through mid-June.
 - For complete information, please visit the recently updated [EDA CARES Act Recovery Assistance page](#).

State Updates

- The Ohio Department of Health reported Thursday that coronavirus cases increased by 476 and deaths increased by 54, reaching respective totals of 33,915 and 2,098.

- For the week ending May 23, the Ohio Department of Job and Family Services (ODJFS) reported 42,082 initial unemployment claims.
 - "The number of initial jobless claims filed in Ohio over the last 10 weeks (1,257,838) is more than the combined total of those filed during the last three years," ODJFS said in a news release.

- State Capital Re-appropriations bills, previously approved money, is typically a routine initiative, but this year's activity could change that.
 - The Ohio Senate introduced their version of a re-appropriations bill, [SB 316](#).
 - The Ohio House also has a version of a capital re-appropriations bill, [HB 670](#).
 - The capital re-appropriations bills each plan to have emergency clauses attached to ensure that there is no lapse in funding for existing capital projects at the end of the fiscal year on June 30.
 - However, the House as-introduced version is nearly half the size of the Senate version in terms of funded projects.
 - HB 670 proposes spending almost \$700 million on previously approved state capital projects, compared to nearly \$1.2 billion in the version before the Ohio Senate.
 - The Senate version reflects the full amount of money state lawmakers previously approved to be spent on projects that either haven't begun or are incomplete.
 - The debate will likely focus on the fact that the Senate version includes, but the House version removes, the Department of Administrative Services (DAS), Ohio Department of Agriculture (ODA), and Ohio Department of Higher Education (ODHE) projects.
 - It is expected that a re-appropriations bill will pass by the end of June.

- As some businesses continue to fear a wave of coronavirus-related litigation as they emerge from COVID-19, Ohio policymakers are continuing to debate some form of temporary immunity for the pandemic.
 - Under changes proposed by Senator Matt Huffman, SB 308 would extend immunity to businesses, health care workers and their facilities, religious institutions, state and local governments, public colleges and universities, and nonprofit organizations through April 1, 2021.
 - It would cover claims of exposure to coronavirus while on the entities' premises unless there was intentional or willful misconduct.
 - SB 308 is still in Committee and there may be more changes to it next week and a new version.
 - A variation is also in the Ohio House, HB 606, and it was passed by the full House on Thursday.
 - A workers' comp amendment was successfully offered and included in HB 606 by Representative Brigid Kelly; the amendment would make prison staff, grocery-store workers, and first-responders eligible for workers' compensation should they catch the virus.
 - The key difference between the two versions now appears to be that the health care immunity language in the Senate is a willful standard, while the House changed it to a reckless standard.
 - Also, the dates at which immunity ends is different – the House immunity standard would end December 31, 2020.

- The Ohio Senate on Wednesday passed legislation to curb local authority to ban plastic bags and other disposable containers.
 - The bill now heads back to the Ohio House because the Senate changed the House version from a permanent ban to a one-year moratorium.
- The next application period of the TechCred program will open June 1 through June 30; TechCred helps Ohioans learn new skills and helps employers build stronger workforces with skills needed in today's economy and many of the trainings are available online.
- Other TechCred announcements include:
 - Employers awarded in October 2019 and January 2020, who had credential programs interrupted by the crisis, may request to extend their 18-month award eligibility timeline.
 - Employees can now earn multiple credentials during each application period.
- As a result of the economic impact of COVID-19, Governor Mike DeWine announced \$775 million in reductions to Ohio's General Revenue Fund for the remainder of Fiscal Year 2020, which ends on June 30.
 - These budget reductions, in addition to identifying areas of savings, are deemed necessary to ensure Ohio fulfills its constitutional requirement of maintaining a balanced state budget each year.
 - The budget reductions for the Ohio Development Services Agency (DAS) will preclude their ability to award funding to any of the applications submitted for the Industry Sector Partnership Program in the current fiscal year. At this time, all applications submitted for funding will be retained. If funding is available for the program next fiscal year, DAS will proceed with scoring the applications currently received and awarding grant funds in accordance with the program guidelines.
- Last week, Lt. Governor Husted announced several new sector opening dates in Ohio:
 - On June 1, catering and banquet centers may reopen if they can meet required safety protocols. Protocols include six feet between tables, no congregating, and a crowd size of no more than 300 people.
 - Guidance for these Orders are here: [baseball, golf, general non-contact sports, and skills training](#).
 - Full guidelines to ensure that these sectors operate in the safest manner possible are/will be available at coronavirus.ohio.gov.
- Governor DeWine announced a plan to lift restrictions on visitation at assisted living homes in Ohio. Beginning June 8, 2020, properly prepared assisted living facilities and intermediate care facilities for individuals with developmental disabilities can begin to allow outdoor visitation. The lifted restriction does not yet apply to nursing homes.
 - Each facility can determine how to best implement outdoor visitations, however, at a minimum, all facilities must develop a policy that includes: screening for temperatures and symptom-reporting for visitors; scheduled hours and time limits for visits; proper social distancing measures; face coverings; Resident, family, and friend education about the risks of the spread of COVID-19. Consideration for visitors during end-of-life situations will also be expanded.

- The Ohio Bureau of Workers' Compensation (BWC) is deferring Ohio employers' premium installments for the months of June, July, and August.
 - Businesses will have the option to defer the monthly premium payments with no financial penalties.
 - This is the second payment deferral BWC has given to employers amid the ongoing COVID-19 pandemic.
- On Tuesday, the U.S. Sixth Circuit Court of Appeals has at least delayed a lower court ruling ordering Ohio to accept electronically collected signatures for ballot initiatives and delaying the filing deadline, writing that the district court exceeded its authority by rewriting Ohio election law.
 - The order blocked the lower court decision and remains in effect while the appeals court continues its review of the case.
 - Under Ohio law, proposed constitutional amendments aiming for the November ballot must submit valid signatures from 452,958 voters collected from 44 of Ohio's 88 counties before a July 1 deadline and there are two initiatives seeking to secure constitutional amendments on the Ohio ballot.
 - "Ohioans for Secure & Fair Elections": would allow for same-day voter registration and the ability to cast a ballot during early voting and on Election Day.
 - "Ohioans for Raising the Wage": want to raise Ohio's minimum wage incrementally to \$13 by 2025.

Federal Updates

- Reuters: In about three months, more Americans have died from COVID-19 than during the Korean War, Vietnam War and the U.S. conflict in Iraq from 2003-2011 combined.
 - The new respiratory disease has also killed more people than the AIDS epidemic did from 1981 through 1989, and it is far deadlier than the seasonal flu has been in decades.
 - The last time the flu killed as many people in the United States was in the 1957-1958 season, when 116,000 died.
- The U.S. House of Representatives on Thursday passed bi-partisan legislation, H.R. 7010, to provide small businesses with more flexibility while using loans provided through the Paycheck Protection Program.
 - The final legislation that passed the House today is different than the legislative text from earlier this week.
 - Most notably, instead of striking the 75/25 rule, this bill would give small businesses the ability to spend more of the money on non-payroll costs. The current terms of the loans require recipients to use 75 percent of the funds on payroll and up to 25 percent on other costs to qualify for loan forgiveness. But the legislation would change the ratio to at least 60 percent on payroll and up to 40 percent on rent, overhead and other costs.
 - Additionally, the extension of the loan maturity period from two to five years would only be for new PPP loans and would not be retroactive, however current borrowers and their lenders could agree to an extension.
 - The bill would give small businesses up to 24 weeks, up from the current eight weeks, to use the loans and extend the deadline for rehiring workers from June 30 to the end of this year.

- The bill now heads to the Senate, which also has a version similar to what the House has passed, but it presently only extends the time frame for small businesses to spend the funds to 16 weeks instead of 24 weeks.
- Senate Majority Leader Mitch McConnell has said Congress will “probably” have to pass another coronavirus relief package, with talks expected to take place “in the next month or so” on a bill.
- On Tuesday, the Department of the Treasury and the Internal Revenue Service issued final regulations clarifying the reporting requirements generally applicable to tax-exempt organizations.
 - The final regulations reflect statutory amendments and certain grants of reporting relief announced by the Treasury Department and the IRS in prior guidance to help many tax-exempt organizations generally find the reporting requirements in one place.
 - Among other provisions, the final regulations incorporate the existing exception from having to file an annual return for certain organizations that normally have gross receipts of \$50,000 or less. That exception was previously announced in Revenue Procedure 2011-15. The regulations also provide that the requirement to report contributor names and addresses on annual returns generally applies only to returns filed by Section 501(c)(3) organizations and Section 527 political organizations. All tax-exempt organizations must continue to maintain the names and addresses of their substantial contributors in their books and records. This change will have no effect on transparency, as contributor information that is open to public inspection will be unaffected by this regulation.
 - The final regulations allow tax-exempt organizations to choose to apply the regulations to returns filed after September 6, 2019.
- The Treasury Department and the Internal Revenue Service are providing relief for taxpayers developing renewable energy projects and producing electricity from sources such as wind, biomass, geothermal, landfill gas, trash, and hydropower.
- The U.S. Department of Labor’s Occupational Safety and Health Administration (OSHA) has issued an alert listing steps employers can follow to implement social distancing in the workplace and to help protect workers from exposure to the coronavirus.
 - OSHA launched a webpage with coronavirus-related guidance for construction employers and workers.
- The U.S. Department of the Treasury and the Internal Revenue Service today issued a proposed regulation updating the federal income tax withholding rules for periodic retirement and annuity payments made after December 31, 2020.
- An executive order signed by President Trump directing agencies to decrease regulations to boost the economy may lead to court challenges.
 - The order directs agency heads to “identify regulatory standards that may inhibit economic recovery,” highlighting that regulations could be permanently or temporarily lifted to fight the economic fallout of the coronavirus.

Local Updates

- [Cleveland.com](#): Cuyahoga County considers using \$30 million in federal aid for coronavirus-related modifications to county buildings
- [Cleveland.com](#): Cleveland Mayor Frank Jackson extends coronavirus civil emergency proclamation through June 30
- Mayor Frank G. Jackson has unveiled his strategic plan for the recovery of Cleveland's economy amid the coronavirus pandemic.
 - [View Mayor Jackson's full plan here.](#)
 - [View Mayor Jackson's Facebook Live announcement here.](#)
- [Click here](#) for more information on the City of Cleveland's Emergency Working Capital Program - Specially Impacted Businesses loan provides a loan of up to \$20,000 to reimburse for operating costs incurred for the months of March onward.
 - The program is open to restaurants, personal care businesses and storefront retail establishments.
 - Eligible businesses should complete the application for the Emergency Working Capital Program and the Supplemental Questionnaire.
 - Applicants who have already applied for the Emergency Working Capital Program do not need to submit the application again, but must submit the Supplemental Questionnaire.
 - Send completed applications directly to economicdevelopment@clevelandohio.gov.
- [Click here](#) for more information on Cleveland's Restoration Working Capital Program loan which is to reimburse for operating costs and is open to large (more than 30 employees) and small businesses to assist with eligible costs including accounts receivable, rent/mortgage payments, utilities and payroll incurred for the months of March onward. Businesses can receive low interest loans of:
 - Up to \$100,000 for businesses for more than 30 employees;
 - Up to \$25,000 for other businesses;
 - Additional resources are available through our EDA Working Capital Loan Program for companies with additional need.
- The City of Cleveland anticipates it will resume bulk pick-up in June 2020. The operation had been suspended for the safety of our waste collectors. We expect to announce the June bulk schedule by next week with plans to resume in mid to late June.
- Cleveland Hopkins International Airport has recently reported April passenger traffic at historic lows down 96.44% vs. April 2019.
 - The airport has had roughly 20 daily departures recently but that is scheduled to grow to upwards of 40 daily departures in June.
- [Playhouse Square](#) announced in a news release that performances in its theaters are suspended through August 31, and outdoor events on U.S. Bank Plaza have been canceled through that date.
- Light Up the Lake, Cleveland's official Fourth of July fireworks show, is being rescheduled for September 19 due to the coronavirus.