

# New Law Extends and Changes PPP

December 29, 2020

*This content was published prior to the combination of Dentons Davis Brown. Learn more about Dentons Davis Brown.*

On December 21, 2020, Congress approved the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Ventures Act. After threatening to veto the bill, President Trump signed the bill into law on December 27. The bill makes some extensions and changes to the Paycheck Protection Program (PPP) established under the CARES Act. Most notably, the act provides \$284 billion in additional funding for a second round of forgivable loans through the PPP for small businesses and nonprofits experiencing significant revenue losses.

## Eligibility

In this second round, small businesses with no more than 300 employees that demonstrate at least a 25% reduction in gross revenue between comparable quarters in 2019 and 2020 are eligible. There is a maximum loan size of 2.5 times average monthly payroll costs up to \$2 million per borrower.

Businesses in the accommodation and food services sector can receive up to 3.5 times their average monthly payroll costs. These loans will continue to be forgiven if the proceeds are used to fund at least 60% of expenses related to payroll over a time period between 8-24 weeks.

Portions of the second round of funds are being earmarked to support borrowers with 10 or fewer employees, new borrowers, and borrowers who have previously applied.

## PPP Changes and Updates

The act also makes certain changes to existing PPP loans including:

- Expanding allowable expenses to include supplier costs on existing contracts and purchase orders, including the cost for perishable goods at any time, costs relating to worker protective equipment, and adaptive and technology operations expenditures
- Allowing a borrower to select loan forgiveness covered period between 8-24 weeks
- Simplifying forgiveness applications for smaller loans up to \$150,000
- Allowing additional group insurance payments when calculating PPP payroll costs including vision, dental, disability, and life insurance
- Allowing borrowers who returned all or part of their PPP loan to reapply for the maximum amount
- Establishing loan amount calculation for farmers and ranchers
- Expanding eligibility to local newspapers, TV, and radio stations that were previously ineligible by their affiliation

with other stations and also for 501(c)(6) nonprofits that meet certain criteria

- Eliminating the requirement that EIDL advances be subtracted from PPP forgiveness
- Listing ineligible businesses for PPP which include publicly traded businesses

Additionally, the act grants the Small Business Administration \$50 million to support its audit process with the PPP as well as requiring the President, Vice-President, and various members of Congress to disclose if they have received a PPP loan.

President Trump asked Congress to take up legislation that proposes to increase the amount of direct payment to individuals and those discussions are ongoing at this time but for purposes of the PPP provisions, the law has been finalized.

## Your Key Contacts



**Tim R. Coonan**

Special Counsel, Des  
Moines

D +1 515 246 7896

M +1 515 991 3916

[tim.coonan@dentons.com](mailto:tim.coonan@dentons.com)



**Courtney A. Strutt Todd**

Shareholder, Des Moines

D +1 515 246 7842

[courtney.struttodd@dentons.com](mailto:courtney.struttodd@dentons.com)