



How the \$2 Trillion Stimulus Package Helps Boating Industry Businesses





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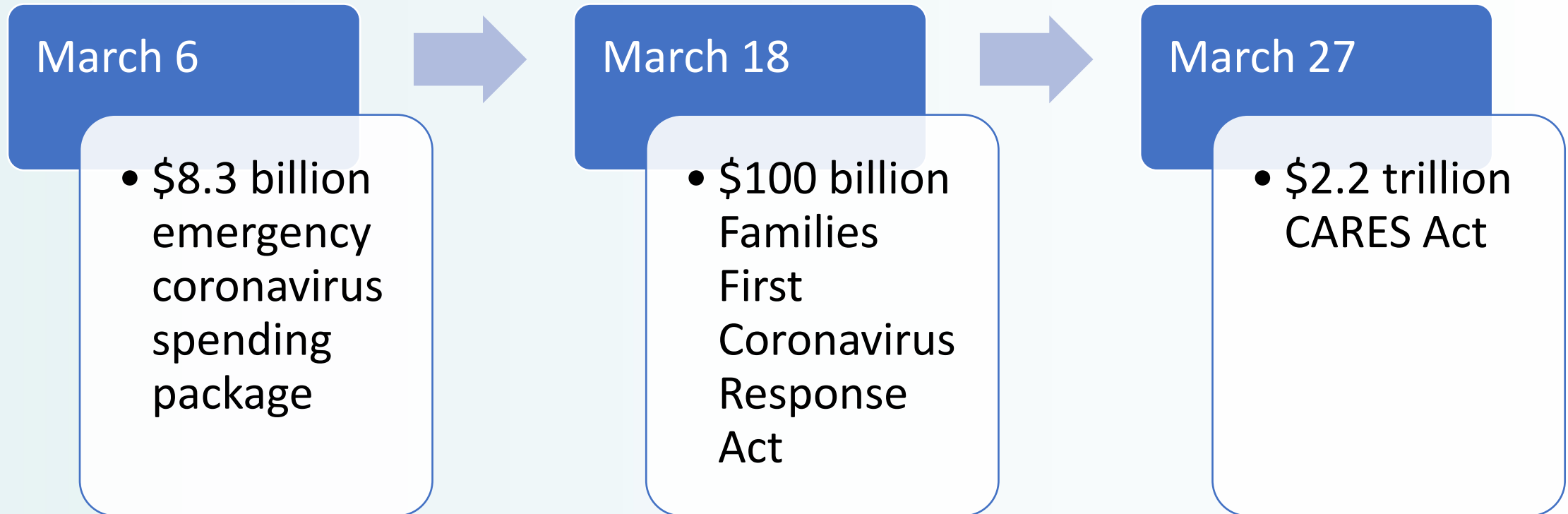
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On today's webinar:

- I. Federal response
- II. NMMA stimulus priorities
- III. CARES Act overview
- IV. What's on the horizon
- V. Next steps at the state level
- VI. Resources



Federal COVID-19 Response to Date



Phase One



\$8 billion funding for public health agencies including:



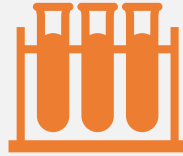
\$4 billion to make tests available



\$1 billion in loan subsidies for small businesses

Phase Two

Families First Coronavirus Response Act



Free testing



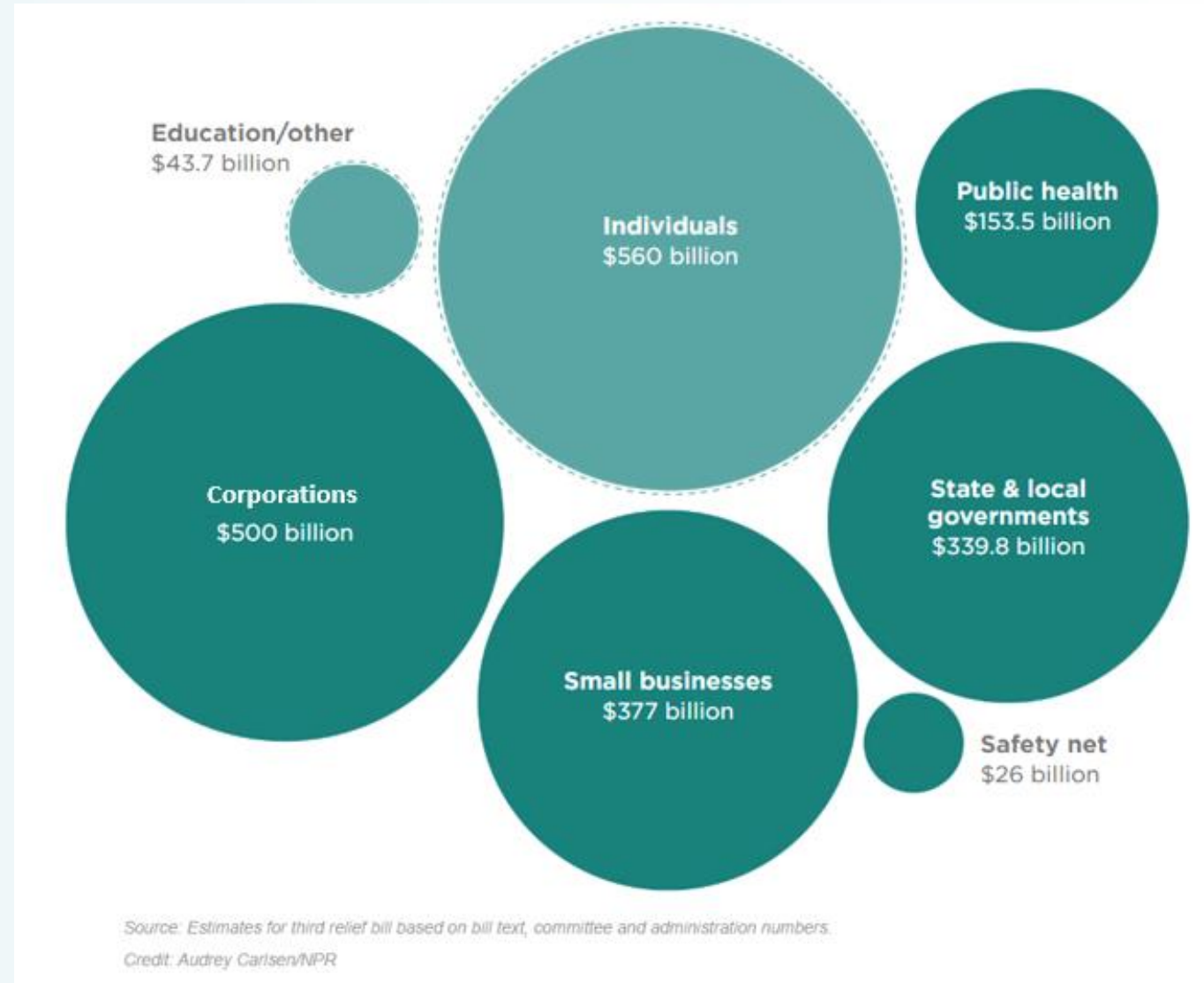
Two weeks paid sick and family
leave



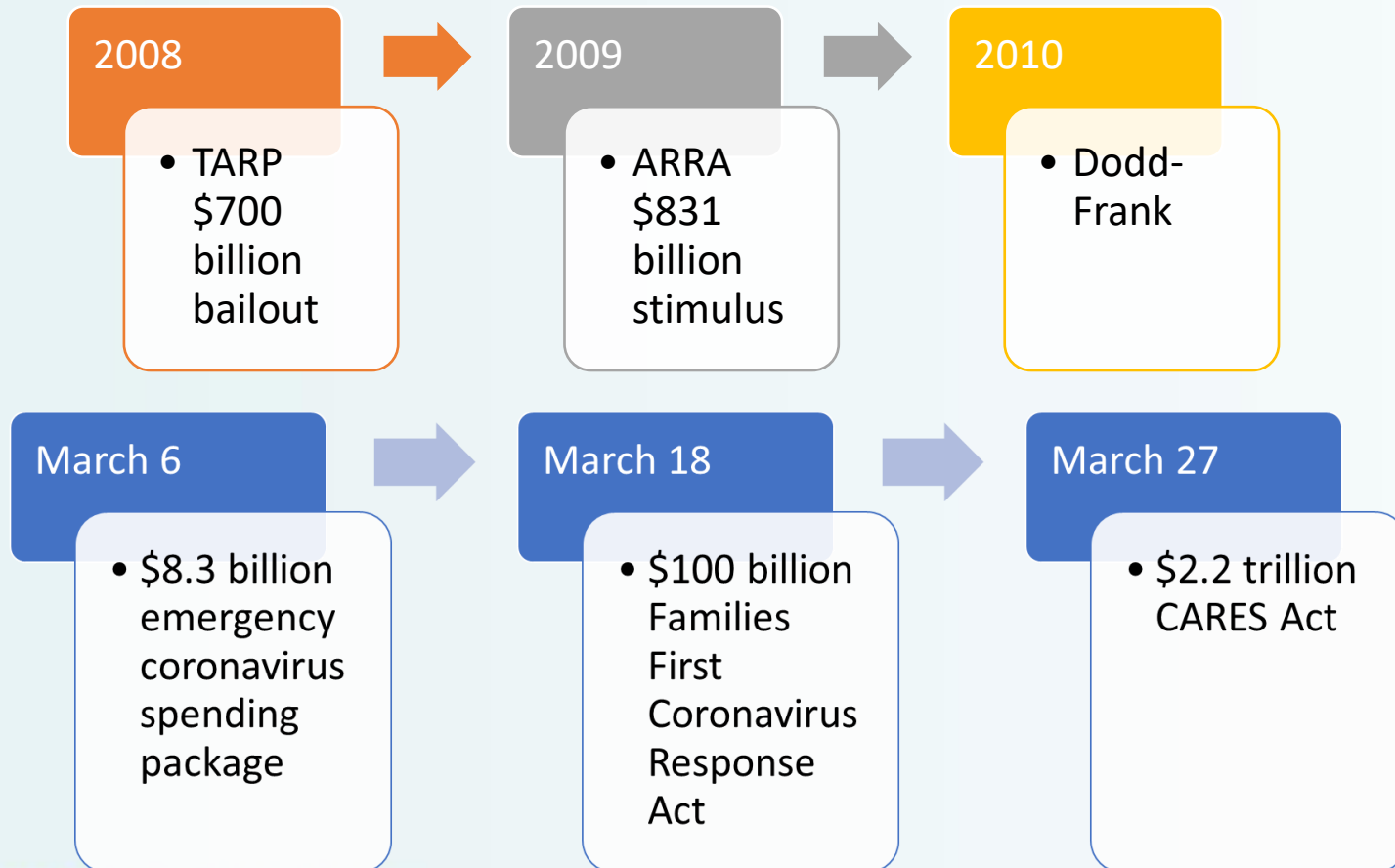
Increased unemployment
insurance benefits

Phase Three

Coronavirus Aid, Relief, and Economic Security Act (CARES Act)



Historic Levels of Relief



- The 2008 financial crisis relief equated to 10 percent GDP over the course of three years.

- In just one month, the coronavirus relief package equates to 10 percent GDP – a total \$3 trillion

NMMA Stimulus Priorities

- Ensure Financial Certainty for Businesses
 - Short-term lending
 - Supply chain
 - Business operations
 - Liquidity
 - Employee protection
- Tariff Relief
- Continued Access to Public Waters



Navigating the CARES Act



CARES Act Wins for the Boating Industry

- ✓ \$350 billion in small business loans
 - ✓ SBA small business standard for boat builders <1,000
- ✓ Delayed payment of social security payroll taxes
- ✓ Modifications for net operating losses to provide more cash flow
- ✓ Temporary, full funding for state short-term compensation programs
- ✓ U.S. Treasury new lending program targeted at medium-sized businesses (500-10,000 employees)
- ✓ Grant program to educate and advise businesses to utilize new programs to assist with recovery

Direct Aid to Workers and Families



Rebate Check

Provides \$1,200/taxpayer (\$2,400 joint filers)

Gives an Extra \$500 per child

Phases out > \$75k single/\$198k joint filers



Unemployment Insurance

Provides \$600/week up to four months (+state benefits)

Gives additional 13 weeks of federal unemployment benefits



Student Loan Deferment

Delays student loan payment, principal, and interest for six months

Support for Small Businesses

Are you a business with less than 500 employees or a boat manufacturer with less than 1,000?

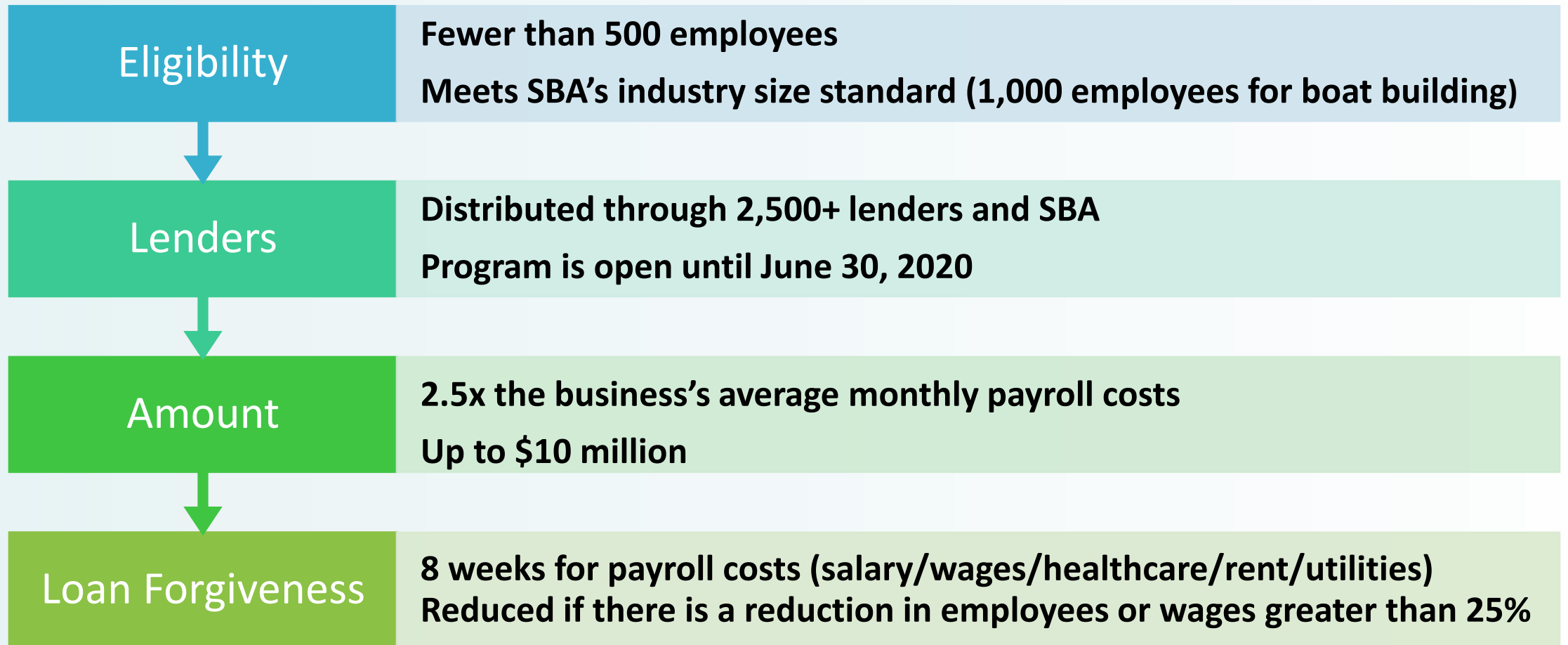
YES

- Emergency Economic Injury Disaster Loan
- Paycheck Protection Program
- Existing SBA loan relief
- Short-Term Compensation
- Payroll Tax Credit
- Social Security Tax Deferment
- Net Operating Loss carry back
- Immediate write off of facility improvement costs
- Immediate recovery of AMT credits
- 50% write-off of business interest expenses

NO

- Payroll Tax Credit
- Social Security Tax Deferment
- Net Operating Loss carry back
- Immediate write off of facility improvement costs
- Immediate recovery of AMT credits
- 50% write-off of business interest expenses
- Federal Reserve 13(3) program

Paycheck Protection Program



How do I calculate my average monthly **PAYROLL COSTS?**



sum of
INCLUDED
payroll costs

—

sum of
EXCLUDED
payroll costs

=

**PAYROLL
COSTS**

Paycheck Protection Program FAQ

What if my company is owned by a larger parent company or we have multiple business locations?

- The number of employees across all brands or locations must be aggregated. So long as there is common governance, ownership or direction the brands/locations are treated as one.

If my facility shuts down due to a state order, would paid wages under this program be forgiven even if they are not currently working?

- Yes

What if I already instituted a workforce reduction?

- You can bring back employees retroactively through February 15th

Can an owner's salary be covered if it is under \$100k?

- Yes, any salary under \$100,000 can be applied to this program

Can I use a different bank than the one I use for my current SBA 7(a) loan?

- Yes. This program can be accessed by more than 2,500 financial institutions (e.g., banks, credit unions)

If I use this loan to cover payroll, can I still receive the tax credit for payroll costs?

- No

Will this loan be considered taxable income?

- No

What if I receive the loan but have to layoff employees?

- A wage reduction above 25% or employee reduction will not be forgiven and subject to interest up to 1%.

SBA Disaster Assistance

Economic Injury Disaster Loan (EIDL)

- Small businesses with < 500 employees
- Up to \$2 million
- An advance of \$10,000 to small businesses within three days
- Currently available via:
<https://www.sba.gov/disaster-assistance/coronavirus-covid-19>

Existing SBA Loan Relief

- \$17 billion
- SBA will cover all loan payments for existing borrowers for up to six months. SIX MONTHS

Short-Term Compensation (STC)

What is STC?

- Unemployment compensation system that provides partial unemployment benefits to workers whose hours have been reduced in lieu of a layoff

How can an STC agreement help businesses?

- Reduces payroll expenditures
- Helps businesses to avoid layoffs and retain skilled workforce through economic downturns

How do I apply?

- Employers must have an approved STC plan in place with appropriate state workforce agency (Currently available in 23 states)
- STC application process is initiated by employers- not employees

What did CARES Act provide?

- Temporary full funding of existing state programs
- Funding and Department of Labor technical assistance for states without STCs to enact and implement programs

Economic Stabilization for Industry

Small & Medium-Sized Business Assistance

\$454 billion available for direct lending via Federal Reserve's 13(3) program

- Businesses with between 500-10,000 employees
- Must maintain 90% of employees
- Prohibits offshoring of jobs and abrogation of existing collective bargaining agreements



Additional Business Relief

- Modification of Net Operating Loss
- Payroll Tax Credit
- Social Security Tax Deferment
- 50% write-off for business interest expenses
- Immediate recovery of AMT credits
- Immediate write-off of facility improvement costs

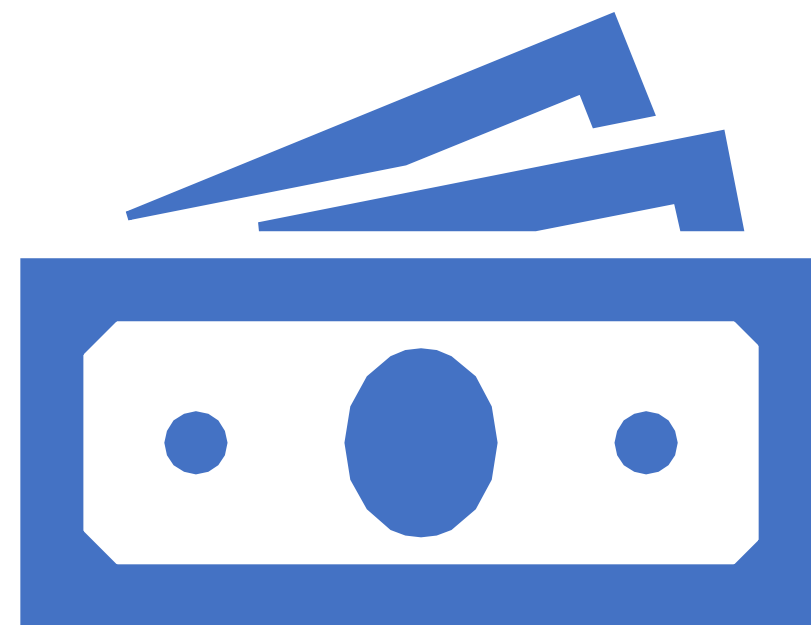
Payroll Tax Relief

Tax Credit

- Refundable payroll tax credit for 50 percent of wages paid by employers whose operations were suspended due to COVID-19 or who had gross receipts that were 50 percent lower than the same quarter in the previous year.

Payroll Tax Deferment

- Defer employer share of 6.2 percent Social Security tax. First half due by December 31, 2021 and the remaining half by December 31, 2022.



Modifies Net Operating Loss (NOL)

**Allows NOLS from
2018-2020 to be
carried back five
years**

**Removes the taxable
income limitation to
allow an NOL to fully
offset income**

What is on the Horizon?

- **Tariff Relief**
- **Defense Production Act**
- **Main Street Lending Program**
- **Fourth Stimulus Package**
- **Fifth Stimulus Package?**
- **Additional state aid and assistance**

Tariff Relief

- Removed *some* Section 301 tariffs related to fishing tackle bags, certain trailers, cleats and chocks, and components such as cam/crankshafts and certain mountings/fittings.
- Growing bipartisan support on Capitol Hill to suspend all tariffs for *at least* 90 days.



Defense Production Act (DPA)

- Allows the president to incentivize companies to increase production of any good/material that is essential to national security.
- President has invoked the DPA to compensate for a lack of personal protective equipment for medical community
- On March 27, president invoked the DPA on General Motors to produce ventilators



Stimulus 4 Package

Infrastructure

- Surface transportation
- Water Resources Development Act
- Sport Fish Restoration and Boating Trust Fund

Fixes to previous relief packages

- Affiliation definitions

Extension of payroll loans?

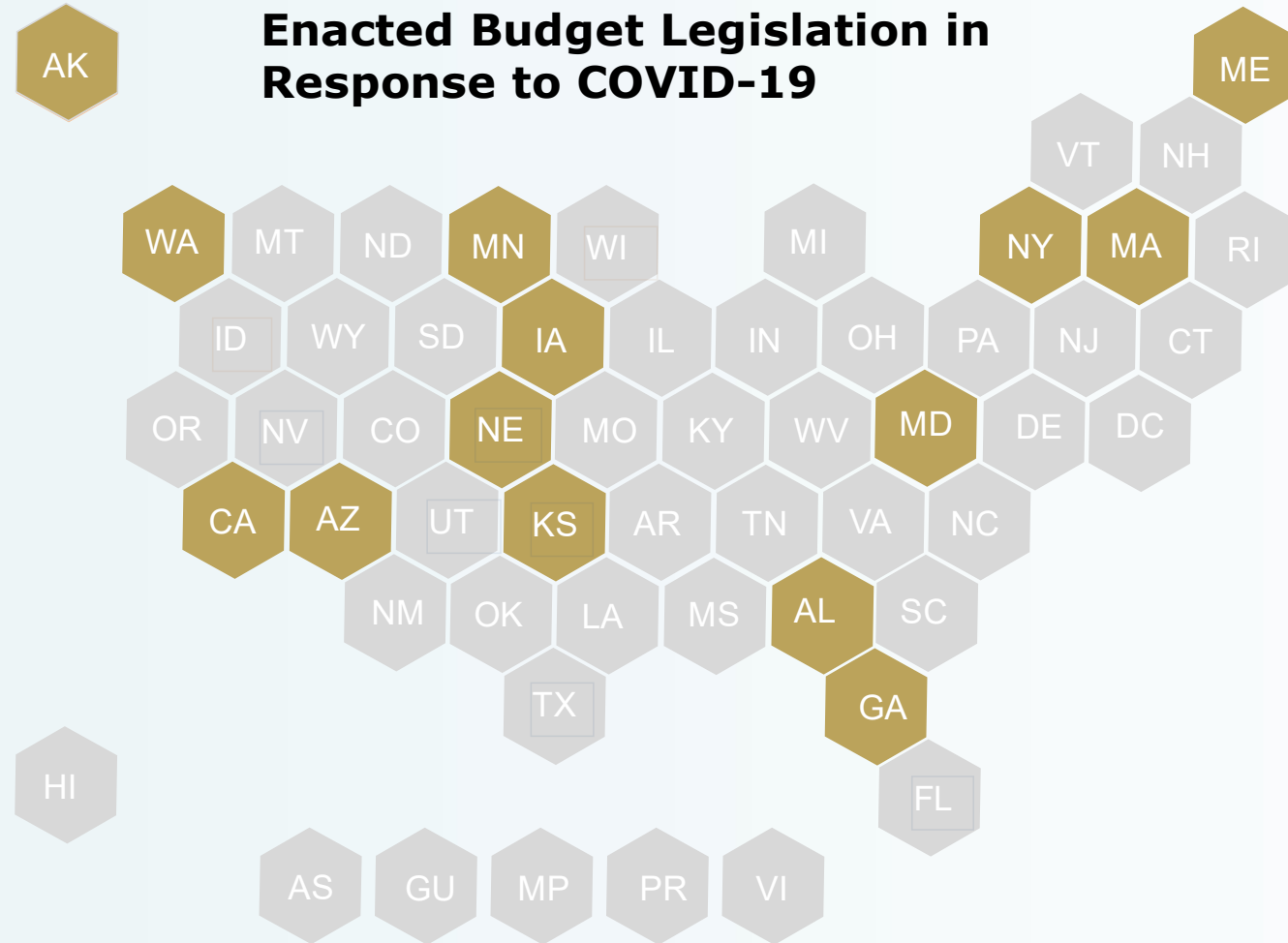


State Actions

- Stay at Home Orders
- Essential Business Designations
- Access Restrictions
- State Assistance

Visit: nmma.org/coronavirus

State Fiscal Response to Date



Resources

NMMA's COVID-19 Web Page: <https://www.nmma.org/coronavirus>

Guide to Paycheck Protection Program (PPP)

- https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final.pdf

How to apply for an SBA loan

- <https://home.treasury.gov/system/files/136/PPP%20Borrower%20Information%20Fact%20Sheet.pdf>
- <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>

CARES Act Funding Flowchart

- http://nmma.net/assets/cabinets/Cabinet488/NMMA_Economic%20Relief%20Flow%20Chart.pdf

State Resource Guide

- http://nmma.net/assets/cabinets/Cabinet488/NMMA_COVID%20State%20Resources%20One%20Pager_3.31.20.pdf



Questions?

**For additional comments and resources:
Taskforce@nmma.org**