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

The CARES Act, also known as Corona 3, is a $2.2 trillion bipartisan response to the coronavirus pandemic designed to speed relief across the American economy. This is the third relief package from Congress and is intended to keep businesses, communities, and individuals afloat during an unprecedented halt to the American economy and way of life.

The CARES Act contains important measures for tourism communities, including:

**Small Business**

- **Emergency Small Business Loans.** Emergency Small Business Administration 7(a) loans of up to $10 million available to help maintain operations (payroll, mortgage, rent, utilities and certain debt payments) for entities that existed on March 1, 2020. Employers that maintain employment between March 1 and June 30 would be eligible to have their loans forgiven. *Available to small businesses, Section 501(c)(3)s, Section 501(c)(19)s and Tribal businesses of 500 total employees or fewer.*

- **Employee Retention Payroll Tax Credit.** Refundable payroll tax credits of up to $5,000 for each employee available to eligible employers that have seen at least 50% reduction in revenue in the first quarter of 2020 compared to the first quarter of 2019, among other qualifying conditions. *Available to small businesses, Section 501(c)(3)s, Section 501(c)(6)s, and Tribal businesses.*

- **Emergency Economic Injury Loans/Grants.** The SBA offers Economic Injury Disaster Loans (EIDL) to provide loans of up to $2 million that carry interest rates up to 3.75 percent for companies and up to 2.75 percent for nonprofits, as well as principal and interest deferment for up to 4 years. The loans may be used to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses. The CARES Act appropriates $10 billion in funding to provide an advance of $10,000 to small businesses and nonprofits that apply for an SBA economic injury disaster loan (EIDL) within three days of applying for the loan. The EIDL grant does not need to be repaid, even if the grantee is subsequently denied an EIDL, and may be used to provide paid sick leave to employees, maintaining payroll, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments. Eligible grant recipients must have been in operation on
January 31, 2020. Available to small businesses, Section 501(c)(6)s, sole proprietors, independent contractors, tribal businesses, as well as cooperatives and employee-owned businesses.

**Communities**

- **Recovery Promotion.** $1.5 billion for the Economic Development Administration to support distressed cities. This funding has been earmarked for “open for business” campaigns at the appropriate time, and would follow the model the agency used to fund promotional efforts following the BP Oil Spill in the Gulf Coast.
- **Emergency Aid for State and Local Governments.** To offset the rising costs and lowered tax revenue from falling business activity, $150 billion has been allocated for state and local governments, including $8 billion for tribal governments. Each state will receive a minimum of $1.5 billion.
- **Community Development Block Grants.** $5 billion for states and local communities to mitigate economic disruptions in impacted industries, including direct grants to tourism businesses impacted by the coronavirus pandemic.
- **$25 billion for infrastructure grants to states.**

**Workers**

- **Enhanced unemployment benefits,** including increased benefits and expanding eligibility.
  - Adds $600 per week from the federal government on top of whatever base benefit a worker receives from the states for four months.
  - Unemployment insurance is extended for an additional 13 weeks.
  - Creates a new temporary Pandemic Unemployment Assistance program through the end of the year to aid self-employed individuals, freelancers, and contractor who are not typically eligibly for unemployment.

Note: The Families First Coronavirus Response Act, which was signed into law on March 18, 2020, lifting the waiting period for registering for unemployment benefits, the waived the requirement to be actively seeking a job, and does not charge businesses for employees let go due to the coronavirus restrictions.

**Tourism Businesses**

- **Economic stabilization.** $500 billion to the U.S. Department of Treasury’s Exchange Stabilization Fund for distressed industries. a new fund established through the Treasury Department and the Federal Reserve to provide loans and loan guarantees to businesses and industries that have been particularly affected by the current crisis, such as airlines, hotels, restaurants, nonprofits, and more.
Key Tourism Segments

**Museums and Cultural Institutions.** The CARES Act provides $75 million for the National Endowment for the Arts and $75 million for the National Endowment for the Humanities to distribute to local institutions address the economic damage caused by the coronavirus pandemic. Matching grant requirements are waived for this funding, as well as the requirement for grants to be project specific.

**Distillers.** A temporary exemption from an excise tax for alcohol used to make hand sanitizer that is produced and distributed within Food and Drug Administration guidelines.

**Fishery Assistance.** $300 million provided for shrimp and oyster producers who can no longer sell their products to restaurants, for charter fishery operators and other fishery-related entities that have economic revenue losses due to the coronavirus pandemic.

**Airports.** $10 billion to support airport operations through the Federal Aviation Administration (FAA) Airport Improvement Program (AIP).

**Connected Communities.** $50 million for the Institute of Museum and Library Services to expand digital network access in areas of the country where such access is lacking, including the purchase of internet-enable devices such as “hotspots” to allow individuals in rural areas to remain connected.