

A Robinson+Cole Legal Update

Coronavirus (COVID-19)

April 24, 2020

The Paycheck Protection Program and Health Care Enhancement Act

Authored by [Endicott Peabody](#), [Taylor A. Shea](#), [Jeffrey L. Volpintesta](#), and [Barrett P. Wilson-Murphy](#)

Robinson+Cole has been tracking government relief programs being offered to help alleviate the economic impact of COVID-19 on businesses in the United States. On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law. The CARES Act was intended to distribute capital quickly and broadly to help alleviate the economic impact of COVID-19, including relief opportunities for small businesses through programs administered by the Small Business Administration (SBA). Among other things, the CARES Act (a) appropriated \$349 billion for small businesses as part of an expansion of the SBA's Section 7(a) loan program under the Payroll Protection Program (PPP), and (b) appropriated \$10 billion for small businesses as part of an expansion of the SBA's Section 7(b) economic injury disaster loan program (EIDL Program). These initial funding amounts were quickly depleted. In response, the Paycheck Protection Program and Health Care Enhancement Act (Enhancement Act) was signed into law on April 24, 2020. The Enhancement Act provides for a \$484 billion economic relief package and, among other things, increases funding to both the PPP and EIDL Program. The information below provides an overview of the Enhancement Act as it relates to the PPP and EIDL Program. For more information on the PPP and EIDL Program, please see our [Primer](#), our [FAQ on the PPP](#), our [FAQ on the EIDL Program](#) and our article regarding [SBA affiliation rules with respect to the PPP](#). Robinson+Cole will continue to monitor regulations and guidance on this topic as both become available.

Increased Appropriations for PPP Loans and EIDLs

The Enhancement Act provides for a \$484 billion economic relief package, including an additional \$310 billion in funding for the PPP. Funding for the PPP was initially capped at \$349 billion; it has now been increased to \$659 billion. Of this additional funding, \$60 billion has been reserved for loans made by smaller financial institutions - specifically, community financial institutions, insured depository institutions, and credit unions.

HIGHLIGHTS

- \$310 billion in new PPP money, of which \$60 billion is reserved for small lenders
- \$10 billion in new EIDL grants
- \$50 billion in new EIDLs
- Agricultural enterprises with not more than 500 employees are now eligible to receive EIDL grants and loans



[Endicott Peabody](#)



The Enhancement Act also provides an additional \$60 billion in funding for the EIDL Program. \$50 billion of the additional funding appropriated for the EIDL Program is designated for the disaster loan program, and \$10 billion is designated for the grant program. In addition to the increased funding, the EIDL Program provisions of the Enhancement Act extend loan eligibility to agricultural enterprises (as defined in section 18(b) of the Small Business Act (15 U.S.C. 647(b)) with not more than 500 employees. Section 18(b) of the Small Business Act (15 U.S.C. 647(b) defines “agricultural enterprises” as those businesses engaged in the production of food and fiber, ranching, and raising of livestock, aquaculture, and all other farming and agricultural related industries. \$2.1 billion is allocated for SBA salaries and expenses.

This alert is being issued as of April 24, 2020. Please note that future legislation, guidance and regulations could modify certain provisions of the CARES Act and/or the Enhancement Act.

[Taylor A. Shea](#)



[Jeffrey L. Volpintesta](#)



[Barrett P. Wilson-Murphy](#)

Contact any member of Robinson+Cole's [Business Transactions Group](#) listed below:

[Eric M. Kogan](#) | [Michael F. Maglio](#) | [Endicott Peabody](#) | [Taylor A. Shea](#)

[Jeffrey L. Volpintesta](#) | [Barrett P. Wilson-Murphy](#)

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