



ATIA Webinar with Alaska's Congressional Delegation – March 31, 2020

Question Summary

Funding Programs

Can businesses apply for more than one type of SBA loan – Payroll Protection Program (PPP) and Economic Injury Disaster Loan (EIDL)? How do these loans work together (or do they)?

Can businesses utilize EIDL funding to cover expenses after June 30th and the PPP in April to cover expenses up until June 30th?

Is there a dollar limit on EIDL loans?

Will businesses who receive EIDL loans under Phase 3 be disqualified from additional assistance under future legislation?

The PPP is for 8 weeks. Will there be programs to help following June 30 program end date?

When does the 8 weeks start?

Since most businesses are closed or opened on a limited basis, what was the intent of the 90% requirement to retain the workforce as of February 1?

The CARES Act doesn't address seasonal business start-up costs. Should small businesses apply for PPP or wait until future legislation?

What is covered by the loans – mandatory partner payments?

Are new seasonal hires covered under PPP (e.g. those starting in April)?

Are there plans to provide grants not based on payroll?

If a business is forced to close, can they apply to be reimbursed for labor costs prior to closure?

Will more funding be made available for the SBA program? Demand will outstrip funds available.

Is there a list of approved banks in Alaska? Do Alaska businesses need to use Alaska banks?

Are there any provisions in the bill or future bills to help small businesses cover other operating costs, even at a reduction in operating activity? This would include other fixed costs including loan payments, principal and interest, rent, utilities, insurance, etc.

I bought an existing business in January and hired a crew but they are not currently on the payroll. Can I use the previous business history in the application?

What programs are available for 501(c)6 organizations?

Are there support services (or people who can mentor) to help with applications or with negotiating what path to follow?

Applications ask for cost of goods for sale – tourism is about services, not non-retail sales

Taxes

In the CARES act, there is discussion of waiving the 7.5% “ticket tax” until September 30th. Is this the same thing as the 7.5% Federal Excise Tax for aviation businesses who collect passenger fares? If so, do we simply not pay it? Is there an application for this tax to be waived?

Could IRS filing deadlines be pushed back further? Tax due is a significant stress on cash flow.

Does the CARES Act include any adjustment to 1120-ES Estimated corporate income taxes, a portion of which are coming due in two weeks for many of us?

Staffing

Is it best to lay off employees or furlough them?

Should we hire staff if they are not able to travel to Alaska right now?

I haven't been paying myself (e.g., taking owner draws). Should I put myself on the payroll?

What are options for sole-owned businesses with no employees?

Is there a resource document for seasonal workers about what programs are available on a personal level (and what the industry is doing to ensure operations once the crisis has passed)?

Marketing

Should I continue to market right now?

The Yukon has a marketing fund where they have been paying 50% of Tourism operators marketing in qualified magazines and publications. For 2020/2021 they have stepped up and are paying 100%. This would be a huge direct help for Alaskan small businesses.

Future Travel

What are the plans and guidelines for safe travel in the future?

Will there be a waiver to the Passenger Vessel Services Act?

Are port cities going to allow cruise ships?

Recommendations/Requests

Extend the CARES Act provisions beyond June 30.

Given the seasonality of Alaska tourism businesses, a 1-year monthly average doesn't work. We need a monthly average for a 12-week period starting May 1 through July 1 (would be different for winter tourism businesses). Could the 2019 3rd quarter IRS 941 be used as a determination of the monthly average?



Create a loan program that covers the risk for commercial bank loans. This massive change in rates (over our current level of 6%) would give us the tools/cash savings to bridge into the future.

For many of us small businesses, just waiving payments on mortgages and loans isn't going to cut it because the deferred payments and interest compounds and is very, very onerous to us, especially when we don't know what our future demand looks like for tourism in Alaska. Unless there is legislation that discourages banks from allowing interest to compound, it seems like the banks don't have to share any of the responsibility for giving out these loans, even when they are incredibly well-funded right now. It actually means that the banks profit from COVID-19.

Will there be follow up legislation that addresses the seasonality of our tourism industry? Additionally, we don't believe the CARES act loan forgiveness will apply to our business, as the condition for loan forgiveness is that at the end of the 8 weeks, you must have an equivalent payroll at the end of the 8 weeks. If you don't, then you will only get a ratio forgiven, which would actually be quite costly to us over the long term. I agree with the comments to use another period to measure over the summer months that will be affected specifically. And for the headcount window to be longer than 8 weeks to align with the health care industries projections that suggest more realistic recovery toward the end of the summer.

Provide debt relief for 7a loans.

When the specific guidelines roll out, can prorated net income for sole proprietorships/self-employed be allowed to substitute for payroll in the qualifying period?

Clarify the 500-employee small business. Does a business need to meet all three criteria? Can it be a subsidiary of a larger company? Can it be by location rather than corporate level?

Cash flow is a problem now. For Phase 4, is there talk of relief targeted for summer seasonal business to help get them to 2021 season when cash flow will come back?

Do Federal Reserves (like the Metlakatla Indian Community) qualify for assistance for its tourism programs?

Provide support to cover principal and interest payments for BIA-guaranteed loans.

What are the State's plans for CARES Act funds?