

Let's Keep Connected (LKC)

Tuesday, April 7, 2020 - 11:30am

Speakers:

Brad Attig, Corvallis Foundry (moderator)

Senator Jeff Merkley, United States Senator for Oregon

Courtney Flathers, Mid-Valley to Coast Field Rep for US Senator Jeff Merkley

Kate Porsche, Corvallis-Benton County Economic Development Office

Melissa Murphy, Business Oregon

Seth Sherry, City of Albany Economic Development

Key Points:

1. Update from United States Senator Jeff Merkley
2. Q & A with Senator Merkley
3. Updates from Corvallis-Benton Economic Development Office, Business Oregon, City of Albany Economic Development,

Summary:

1. Update from United States Senator Jeff Merkley
Senator Merkley focused on the recent COVID-19 small business and unemployment programs.

On the unemployment side, the program attempts to make sure that people who have been laid off can pay their basic bills (rent, utilities). Unemployment was strengthened significantly with an extra \$600/week over a 4 month period, on top of what the normal State payment would be.

On the small business side, the available Payroll Protection Program (PPP) aims to help small businesses keep employees on payroll. Uncle Sam is picking up the payroll expense for 2 months plus another 25% times the payroll for 2 months to be able to help businesses pay their rent and utilities. Advantages would be that it is better for the employee to not have to go through figuring out unemployment or healthcare, and it's better for the business because their team is in place and ready to roll for economic recovery. PPP is open to sole proprietors, 501c3 nonprofits, independent contractors, self-employed, among others. The basic documents needed are your payroll tax filings, 1099's, income and expense statements. The PPP program opened last Thursday (4/2) and is a nightmare. The program expanded from the Small Business Administration (SBA) to all banks and credit unions that want to participate. This would allow many options to quickly roll this out however, Merkley indicated it is not enough. Merkley is

pushing the administration to get simplicity and clear guidance to the banks and credit unions.

If you are a part of the PPP program and also have an SBA loan, the federal government will still pick up your payment on the SBA loan for the first 6 months. If you don't do the PPP loan, but you do take advantage of the Economic Injury Disaster Loan (EIDL), better known as the \$10,000 grant, you are also eligible for PPP and the federal government will still pick up your payment on any SBA loan, including new loans.

Unemployment claims in Linn/Benton counties have surged in the last few weeks.

- In Benton County, from last week (3/30) 270 to this week (4/6) 695
- In Linn County, from last week (3/30) 517 to this week (4/6) 1218

Nationally, the fact that 10 million people could file for unemployment within two weeks is unheard of. During the 2008/2009 recession, unemployment went up by about 1% per month. Right now we are seeing a 6% increase in a 2 week period. We are in uncharted territory.

Senator Merkley concluded by asking Oregonians to give feedback on what is working and what is not. He pleaded for Oregonians to do planned acts of kindness and reach out to our friends and family during this time of social distancing.

Questions and feedback can be directed to Courtney Flathers:

405 East 8th, Suite 2010 | Eugene, OR 97401

Phone: 541-465-6750

Courtney_Flathers@merkley.senate.gov

2. Q & A with Senator Merkley

Q: We run a 30 acre farm in Albany, OR. We employ 7 full-timers, and ~15000 labor contractor man hours from planting through harvest. We are ineligible for SBA EIDL (because we are a farm), and SBA PPP only helps for our full-timers (which keeps the lights on, but doesn't provide enough for us to farm in 2020). Existing USDA programs are not helpful. What disaster relief is, or will soon become, available for farm business disaster relief? And, if none, what farm business disaster relief will you seek?

A: Farms and agricultural businesses are eligible for both PPP and EIDL. However, grant funds cannot pay for contractors.

Q: Many interruption insurance claims are being denied because there is no physical damage. Are there any discussions for mandating insurance providers to pay out on policies that businesses owners have purchased through private insurance?
interruption insurance - no claim - no physical damage - mandates to insurance to cover?

A: Most of these insurance policies have virus exceptions. The reason for this over time is that insurance depends upon the same disaster not happening to everyone all at the same time. Essentially, the government cannot modify terms of a contract, but I have not done a thorough analysis on this. We are still trying to get more clarity on this question.

Q: Was it Congress's intent to exclude farms in EIDL?

A: The information I had from my team is that farms are eligible for EIDL. We will have to track down that information and find out more to have a better answer.

Q: Is there a program for restaurants/bars that don't feel safe keeping employees on payroll?

A: For businesses that don't feel comfortable keeping employees on payroll, those employees are eligible for unemployment insurance benefits. You can rehire them and then have the cost of that payroll paid for 2 months through the PPP - but you have to rehire them in order to do that.

Q: Can you talk about what circumstances make the employee retention tax credit helpful?

A: Compare two tracks and see what is best for your business. Very small companies might find that it is easier to do the EIDL and then also apply for 50% tax credit for employee retention. If you don't retain employees, then you wouldn't be eligible for that tax credit. Virtually every small business I have talked to has said that they feel they are better off to keep their people employed through the PPP. However, maybe you have already laid people off, it's too complicated, you feel people are covered and not sure if the two month horizon will be extended so you kept a core group of employees, you might benefit from the tax credit instead.

Q: Is the Workshare Program still covered?

A: Yes, Workshare is covered, although Oregon's program is not as flexible. I believe you have to keep people on 60% of the time - which businesses have indicated they cannot do. This would be an instance where there is room for improvement.

Q: Can you discuss the possibility of future phases of relief from the Federal government?

A: Yes, there is a bipartisan commitment to not let the funds run out. We also want to make sure that it is working as intended. There is going to be a lot of other issues that come up in the context of a Coronavirus #4 bill including things like state stabilization funds being insufficient, sales tax revenue drops, income tax revenue drops, and inability to pay local property taxes. Then, more must be done on the housing front, and the inevitable housing crisis. Additionally, rural hospital funds are being redirected to states that did not have a medicaid expansion, while not compensating states that did have a medicaid expansion. Oregon hospitals will be shortchanged. These are some things being discussed right now.

Q: Right now, so many people need access to the internet, do you have any thoughts on net neutrality?

A: Supporting broadband for all is important. I would love to see net neutrality to be a part of that. Current funds won't be dispersed quickly enough to help those affected right now, but there is a question of redirecting those funds to lifeline, basic service support so that everyone who is in a broadband area but can't afford connecting to broadband can connect through the course of this crisis.

3. Update from Corvallis-Benton Economic Development Office, Business Oregon, City of Albany Economic Development,

Corvallis Benton County Economic Development Office

Kate Porsche, Corvallis-Benton County Economic Development Manager, discussed continued business resource updates and additions to <https://yescorvallis.org/resources/>.

Highlights:

- [Complete Benton County Business Guide](#), an easy to use, live, google spreadsheet where community members can look up businesses to see what services are being offered. Any business is invited to share their current information via relevant forms on the aforementioned resources webpage.
- [Benton County Rapid Response Form](#), a short survey for local businesses that addresses the current and future economic impact.
- Reach out to our office anytime at economic.development@corvallisoregon.gov
- If you are a local business who can manufacture PPE, please get in touch with the EDO office at the email above.
- Our office is also working on outreach to the Spanish speaking business community and will be regularly engaging through their networks. Get connected with us at the email above for more information.

Business Oregon

Melissa Murphy, Business Oregon's Regional Development Officer for Linn, Lincoln, Benton, Lane was on the call to give an update from the state's economic development office.

There is a [new hotline and small business navigator resource](#) on their website.

In regards to PPE, there is an ongoing conversation happening around state needs. Right now, they are trying to figure out who can produce what and where can the PPE be distributed. More information forthcoming.

If you have a loan with Business Oregon, get a hold of them right away. They are currently implementing 90 day modifications to defer loan payments and interest. The

state is also forgiving existing loans to Community Development Financial Institutions (CDFI).

Additionally, The Oregon Growth Fund approved moving roughly \$700,000, or the remaining funds available in the Oregon Growth Fund, to a new Oregon Community Foundation fund called the [Small Business Stabilization Fund](#).

The next conversation coming up will be centered around Community Development Block Grants (CDBG).

City of Albany Economic Development

Seth Sherry came on to discuss the recent Emergency Loan Program put together for small businesses by the City of Albany. Last week, the Albany City Council was able to capitalize on a small grant program to the tune of \$200,000. Applications close tonight (4/7) at midnight.

Who qualifies and how do I apply? The program is using the SBA definition of a small business which is a business with 500 employees or less. Business sector does not matter, all businesses are eligible. Applicants also need to be within the Albany City limits. The loan and underwriting process are available in English and Spanish.

Loans are between \$5-15,000 and are designed to be a bridge loan till additional federal funds are available and flowing. The interest rate is 2%. Basic terms are:

- No interest or principal payments for first 6 months
- 6-12 months interest only payments
- Remainder of the principal is amortized over the following 4 years at 2%

What you need to apply:

- 2019 Financials
- Financial statements for first few months of 2020 - prior to the COVID-19 hit

No other associated fees or collateral are needed. Credit score will be used only as a point of reference - no minimum per se.

How can the money be used? *Primarily be used for expenses that keep your business open, or for you to button down the hatches until you are able to reopen.*

- Personnel costs
- Rents, mortgages, leases
- Inventory, supplies

Most important part of this is ensuring businesses are working on an emergency recovery plan. Businesses can find basic checklists for this crisis and moving forward can be found at www.bizcenter.org

Underwriting process will be quick. All complete applications will be entered into a lottery. It is assumed the number of folks applying will exceed the amount offered. Should see money flowing by the end of the week.

Seth can be contacted via email: seth.sherry@cityofalbany.net
