The following is a basic summary of the ***CARES Act*** *and benefits for the wine industry:*

Small Business Loans: The bill authorizes $367 billion in Small Business Administration Loans:

- The CARES Act would increase the maximum loan amount to $10 million and would expand allowable uses of loans to include payroll support (including paid sick or medical leave), employee salaries, mortgage payments, insurance premiums, and any other debt obligations.

- The loan period would begin on February 15, 2020 and end on December 31, 2020. The program would cover businesses with fewer than 500 employees.

- The Act requires lenders to determine: (1) whether a business was operational on February 15, 2020, and (2) whether the business had employees for whom it paid salaries and payroll taxes, or paid independent contractors, and (3) whether the business has been substantially impacted by COVID-19. The legislation would also delegate more authority to lenders on eligibility determinations without requiring them to go through all of the usual Small Business Administration channels.

- A borrower that receives a loan for employee salaries, payroll support, mortgage payments, and/or other debt obligations (including utility payments) would not be able to receive a Small Business Administration (SBA) economic injury disaster loan (EIDL) for the same purpose, or comingle funds from another loan for the same purpose.

- Eligible borrowers would be required to make good faith certification that they have been affected by COVID-19 and will use funds to retain workers and maintain payroll and other debt obligations.

- Both borrower and lender fees would be waived.

- The “credit elsewhere” test and collateral and personal guarantee requirements would be waived during the covered period.

- Government guarantee of loans would be increased to 100% through December 31, 2020. After that date, guarantee percentages would return to 75% for loans exceeding $150,000, and 85% for loans equal to or less than $150,000.

- A complete deferment of loan payments would be allowed for not more than one year and would require SBA to disseminate guidance on the deferment process within 30 days.

- Any statutory limitations on SBA's 7(a) lending authority would be removed through December 31, 2020.

- The maximum amount for an SBA Express loan would be increased from $350,000 to $1 million through December 31, 2020, after which point the Express loan would have a maximum of $500,000.

- Loan Forgiveness. The CARES Act provides a process by which borrowers would be eligible for loan forgiveness in an amount equal to the amount spent by the borrower during an eight-week period after the origination date of the loan on the following items:
    - Payroll costs
    - Interest payment on any mortgage incurred prior to February 15, 2020
    - Payment of rent on any lease in force prior to February 15, 2020
    - Payment on any utility for which service began before February 15, 2020~~.~~

- The amount forgiven would be reduced in proportion to any reduction in employees retained compared to the prior year and to the reduction in pay of any employee beyond 25% of her prior year compensation.

    - Borrowers that rehire workers previously laid off will not be penalized for having reduced payroll at the beginning of the period.

Unemployment Insurance

- The bill creates a temporary Pandemic Unemployment Assistance program through December 31, 2020 to provide payment to those not traditionally eligible for unemployment benefits (self-employed, independent contractors, those with limited work history, and others) who are unable to work as a direct result of the coronavirus public health emergency.

- The bill provides payment to states to reimburse nonprofits, government agencies, and Indian tribes for half of the costs they incur through December 31, 2020 to pay unemployment benefits.

- The bill provides an additional $600 per week payment to each recipient of unemployment insurance or Pandemic Unemployment Assistance for up to four months.

- The bill provides funding to pay the cost of that first week of benefits through December 31, 2020 for states that choose to pay recipients as soon as they become unemployed instead of waiting one week before the individual is eligible to receive benefits.

- The bill provides an additional 13 weeks of unemployment benefits through December 31, 2020 for those who remain unemployed after their eligible weeks of state unemployment benefits are no longer available.

- The bill provides funding to support "short-time compensation" programs, where employers reduce employee hours instead of laying off workers and the employees with reduced hours receive a prorated unemployment benefit. This provision would pay 100 percent of the costs the employer incurs in providing this short-time compensation through December 31, 2020.

Individual Rebates

- All U.S. residents with adjusted gross income up to $75,000 ($150,000 married), who are not a dependent of another taxpayer, and have a work eligible social security number, are eligible for the full $1,200 ($2,400 married) rebate. In addition, they are eligible for an additional $500 per child.

- The rebate amount is reduced by $5 for each $100 that a taxpayer's income exceeds the phase-out threshold. The amount is completely phased-out for single filers with incomes exceeding $99,000, $146,500 for head of household filers with one child, and $198,000 for joint filers with no children

Business Provisions

- The bill provides a refundable payroll tax credit for 50 percent of wages paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19- related shut-down order, or (2) gross receipts declined by more than 50 percent when compared to the same quarter in the prior year. The credit is provided for wages paid or incurred from March 13, 2020 through December 31, 2020.

- The bill allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees. The provision requires that the deferred employment tax be paid over the following two years, with half of the amount required to be paid by December 31, 2021 and the other half by December 31, 2022.

- Effective for calendar year 2020, the bill waives the federal excise tax on any distilled spirits used for or contained in hand sanitizer that is produced and distributed in a manner consistent with guidance issued by the Food and Drug Administration.

Labor Provisions

- Limitation on Paid Leave: The bill creates a limitation stating that an employer shall not be required to pay more than $200 per day, and $10,000 in the aggregate, for each employee.

- The bill states that an employer shall not be required to pay more than $511 per day, and $5,110 in the aggregate, for sick leave. Or more than $200 per day, and $2,000 in the aggregate, to care for a quarantined individual or child for each employee.

Emergency Relief and Taxpayer Protections

- Provides $500 billion to Treasury's Exchange Stabilization Fund to provide loans, loan guarantees, and other investments, distributed as follows:
  - $25 billion for passenger air carriers
  - $4 billion for cargo air carriers
  - $17 billion for businesses important to maintaining national security.
  - $454 billion, as well as any amounts available but not used for direct lending, for loans, loan guarantees, and investments in support of the Federal Reserve's lending facilities to eligible businesses, states, and municipalities. Federal Reserve 13(3) lending is a critical tool that can be used in times of crisis to help mitigate extraordinary pressure in financial markets that would otherwise have severe adverse consequences for households, businesses, and the U.S. economy.

- Loan requirements:

- Alternative financing is not reasonably available to the business.
- The loan is sufficiently secured, or made at an interest rate that reflects the risk of the loan. And, if possible, not less than an interest rate based on market conditions for comparable obligations before the coronavirus outbreak.
- The duration of the loan shall be as short as possible and shall not exceed 5 years.
- Borrowers and their affiliates cannot engage in stock buybacks, unless contractually obligated, or pay dividends until the loan is no longer outstanding or one year after the date of the loan.
- Borrowers must, until September 30, 2020, maintain its employment levels as of March 24, 2020, to the extent practicable, and retain no less than 90 percent of its employees as of that date.
- A borrower must certify that it is a U.S.-domiciled business and its employees are predominantly located in the U.S.
- The loan cannot be forgiven.
- In the case of borrowers critical to national security, their operations are jeopardized by losses related to the coronavirus pandemic.