

Tuesday, August 25, 2020

To: New York Community Banks

## FROM ICBA

### **PPP interim rule addresses owner-employees, nonpayroll costs**

The Small Business Administration issued an [interim final rule](#) updating Paycheck Protection Program guidelines on owner-employees. The interim rule notes that owner-employees with less than a 5 percent ownership stake in a C- or S-corporation are not subject to the owner-employee compensation rule. The PPP loan-forgiveness rule issued June 26 caps the amount of loan forgiveness for payroll compensation attributable to an owner-employee. The interim final rule also clarifies that the amount of loan forgiveness requested for nonpayroll costs may not include any amount attributable to the business operation of a tenant or sub-tenant of the PPP borrower or, for home-based businesses, household expenses. However, rent payments to related parties may be eligible for loan forgiveness under certain conditions. Additional PPP guidance and resources are available on [Treasury's PPP webpage](#) and ICBA's [COVID-19 resource center](#).

### **Video offers latest on COVID-19, economy**

The latest Market Watch Weekly News video from ICBA Securities and Vining Sparks provides an update on the slowing growth of COVID-19, the housing recovery, recent economic indicators and market data, this week's outlook, and more. [View the video.](#)

## FROM OTHER SOURCES

- Long-term unemployment helped define the Great Recession. Countless networks, relationships and skills that bound employee to employer were ripped apart in the global financial crisis. It took about eight years for the unemployment rate to recover from that brutal dislocation. Now economists fear it's happening all over again. [https://www.washingtonpost.com/business/2020/08/25/permanent-economic-damage-piles-up-covid-crisis-is-looking-more-like-great-recession/?mkt\\_tok=eyJpIjoiWTJaa1IUY3daVIZsWWpkayIsInQiOiI1ckpyalZaMEpYcDVpRjQyZVZLYlR1UE0zR1BFUVwvaEZBdU42cUd1NzA2TzJuWUYzM0V5WHB1K2x2UnZiQzdyWUI4cEIRd0xaMWFVZ2hrSW1cLzFnZ1BkMWFLWkFwQkZxOXBLUUDHUINGRHhoZXJRMEh4c2VmSUJUb3lDUmhTQ0hJn0%3D](https://www.washingtonpost.com/business/2020/08/25/permanent-economic-damage-piles-up-covid-crisis-is-looking-more-like-great-recession/?mkt_tok=eyJpIjoiWTJaa1IUY3daVIZsWWpkayIsInQiOiI1ckpyalZaMEpYcDVpRjQyZVZLYlR1UE0zR1BFUVwvaEZBdU42cUd1NzA2TzJuWUYzM0V5WHB1K2x2UnZiQzdyWUI4cEIRd0xaMWFVZ2hrSW1cLzFnZ1BkMWFLWkFwQkZxOXBLUUDHUINGRHhoZXJRMEh4c2VmSUJUb3lDUmhTQ0hJn0%3D)
- Bloomberg notes there is a big hole in the federal government's response to this pandemic-driven economic crisis. Although Congress has delivered help to America's smallest and biggest businesses, the key program intended to support midsize companies has failed. [Midsize Businesses Aren't Getting the Help They Need](#)

## FROM NEW YORK

- New York registered what Governor Cuomo called 'the lowest infection rate that we have had since we started this' — a 0.66% level of new positives on Sunday — while announcing that the [state is opening testing sites](#) at two major airports to screen for the coronavirus. The state is moving its fight to contain the spread to Kennedy and LaGuardia airports, where the Port Authority of New York and New Jersey along with New York City Health and Hospitals will set up new testing sites for travelers from out of state, Cuomo said. New York continues to issue a list of more than two dozen states and territories on a travel advisory requiring people who come

from those locations to quarantine upon arrival for 14 days. With the airport testing sites the state will 'be able to do faster testing of people coming in,' Cuomo said."

- The worst may be yet to come for New York's small businesses <https://nystateofpolitics.com/state-of-politics/new-york/ny-state-of-politics/2020/08/24/is-the-worst-yet-to-come-for-small-businesses->. A new survey by the National Federation of Independent Businesses found one in five small businesses expect to close in the next six months if action in Washington isn't taken to provide more aid. The group's state director in New York noted: "As evidenced by NFIB's latest COVID-19 survey, small businesses are still struggling with many approaching the brink of solvency. Immediate, dynamic, and flexible solutions are required from Washington, D.C. and New York State..." New York's unemployment rate in July reached 15.9% -- 13.3% outside New York City.
- The majority of Brooklyn's small businesses will struggle to survive this fall because of coronavirus-related losses, [according to a new survey](#) by the Brooklyn Chamber of Commerce. The chamber surveyed 234 mom-and-pop shops in the borough. "Half reported revenue losses of 50 percent or more over the summer. Nearly 30 percent couldn't pay rent in August, about 40 percent owe back rent, and 53 percent said, 'they would struggle to stay open during the next three months.'
- A coalition of civic and business leaders in New York is [pushing back on proposals to raise taxes](#) as a result of the coronavirus pandemic and plans to spend millions to advance efforts to help the state's economic recovery. The new 'Campaign for New York's Future' was formed as the state and city's fiscal situation continues to decline, and calls to increase or impose a series of taxes on wealthy New Yorkers gain steam among Democratic lawmakers who control the state government.
- Lawmakers in the state Senate on Monday urged lawmakers on the federal level to find a funding solution for New York's schools, as the state withholds 20 percent in funding amid the recession created by the coronavirus pandemic. [Read More](#)

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**IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.**

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