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American Rescue Plan Act Expands PPP's Reach

Human Resources & Employment

Eligible borrower application deadline is May 31, 2021

The voluminous, \$1.9 trillion American Rescue Plan Act (ARPA) signed into law earlier this month, provides a couple of key modifications to the Paycheck Protection Program (PPP). [As we wrote about last December](#), the \$900 billion Economic Aid Act extended the popular PPP program, providing for additional, "second round" loans for qualifying businesses who experienced at least a 25% reduction in gross receipts in one quarter of 2020, compared to the same quarter in 2019. The Economic Aid Act also added a laundry list of additional expenditures that would be forgivable under the PPP, including expenditures for PPE and property damage costs related to vandalism or looting during public disturbances in 2020. In welcome news to overworked small business owners everywhere, the act promised a simpler version of the forgiveness application for business receiving loans of \$150,000 or less. The one-page application can be found [here](#).

In similar fashion, section 5001 of ARPA modifies the PPP to make it more useful to those hit hardest by the COVID-19 pandemic. For one thing, it injects an additional \$7.25 billion into the program. Additionally, ARPA:

- Expands eligibility to businesses with a NAICS code beginning with 72 that employ no more than 500 employees per physical location (e.g., restaurants, bars and hotels)
- Expands eligibility to certain nonprofits and digital news service providers
- Provides venues (theaters, concert halls, etc.) with additional funding, permitting them to apply for both a PPP loan and a grant through the Shuttered Venue Operators Grant (borrowers who receive a PPP loan after December 27, 2020, will have their SVO grant reduced by the amount of the PPP loan)
- Focuses on equity, eliminating restrictions on eligible borrowers based on prior non-fraud felony convictions and student loan delinquency and clarifying that lawful residents who are non-citizen small business owners may apply for the PPP using a Taxpayer Identification Number