
FISCAL UPDATE Article

Fiscal Services Division

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COVID-19 — U.S. SMALL BUSINESS ADMINISTRATION ECONOMIC INJURY DISASTER LOANS PROGRAM

Economic Injury Disaster Loan Program. The U.S. Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL) Program is a loan program designed to provide states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of COVID-19. Upon a request received from a state's or territory's governor, the SBA will issue under its own authority, as provided by the federal Coronavirus Preparedness and Response Supplemental Appropriations Act ([H.R. 6074](#)), an Economic Injury Disaster Loan declaration. Under the Program:

- Any EIDL assistance declaration issued by the SBA makes loans available statewide to small businesses and private nonprofit organizations to help alleviate economic injury caused by COVID-19. This will apply to current and future disaster assistance declarations related to COVID-19.
- The SBA's Office of Disaster Assistance coordinates with the state's or territory's governor to submit the request for EIDL assistance.
- Once a declaration is made, the information on the application process for EIDL assistance will be made available to affected small businesses within a state.
- The loans may be used to pay fixed debts, payroll, accounts payable, and other bills that cannot be paid because of the disaster's impact. The interest rate is 3.75% for small businesses. The interest rate for nonprofit organizations is 2.75%.
- The SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.
- The loan includes automatic one-year deferment on repayment so the first payment is not due for a full year.

Small business owners in all U.S. states, Washington, D.C., and territories may be eligible to apply for an EIDL of up to \$2.0 million because of the COVID-19 disaster. The loan is made by the SBA directly, and a \$10,000 advance on the loan can be requested as well. This loan advance will not have to be repaid.

The SBA has resumed processing EIDL applications that were submitted before the portal stopped accepting new applications on April 15, 2020, and will be processing these applications on a first-come, first-served basis. The SBA will begin accepting new EIDL and EIDL advance applications on a limited basis only to provide relief to U.S. agricultural businesses. For agricultural businesses that submitted a prior EIDL application through the streamlined application portal, the SBA will process these applications without the need for reapplication. Agricultural businesses include those businesses engaged in the production of food and fiber, ranching and raising of livestock, aquaculture, and all other farming and agricultural related industries (as defined by section 18(b) of the federal [Small Business Act](#) (15 U.S.C. 647(b))). The SBA is encouraging all eligible agricultural businesses with 500 or fewer employees wishing to apply to begin preparing their business financial information needed for their application.

According to [data](#) provided by the SBA, as of May 18, 2020, a total of approximately \$175.0 million in loans has been issued to over 2,000 Iowa businesses.

Economic Injury Disaster Loan Emergency Advance. All businesses applying for an EIDL are eligible to also apply for a \$10,000 advance on the loan. This advance does not have to be repaid, even if the applicant is not actually approved for the EIDL. Funds will be made available shortly following a successful application. Applicants must be adversely impacted by COVID-19 and must be a small business with 500 or fewer employees. Businesses in certain heavily impacted industries may be eligible even if they have more than 500 employees. Private nonprofit organizations or 501(c)(19) veterans organizations that meet the employee number requirement are also eligible.

According to [data](#) provided by the SBA, as of May 8, 2020, a total of approximately \$54.8 million in EIDL advances has been issued to almost 16,500 Iowa businesses.

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