

OPERA America Legislative Update

FY2021 APPROPRIATIONS AND ADDITIONAL PANDEMIC RELIEF

DECEMBER 28, 2020

Status of Play

- \$2.3 trillion funding package – 5,593 pages
 - FY2021 regular appropriations - \$1.4T
 - More pandemic relief - \$900B
- Signed by President on December 27
- Relevant federal agencies will be working quickly to get programs up and running
- Extends and expands many programs under the \$2.2T CARES Act passed in March

Save Our Stages (SOS) Act – Sec. 324, Page 2124

- \$15 billion grant program to be administered by SBA
- Initially introduced by Sens. John Cornyn and Amy Klobuchar – bi-partisan support
- Support “shuttered venue operators”, including “live performing arts organization operators”
 - Defined as an individual or entity , for-profit and non-profit, that “as a principal business activity, organizes, promotes, produces, manages, or hosts live concerts, comedy shows, theatrical productions, other events by performing artists.”
 - Opera companies qualify if they do not own their own performance space

Save Our Stages (SOS) Act - Eligibility

- Three-part test - Does not have, or is not majority owned or controlled by an entity with **more than 2** of the following characteristics: owning or operating venues in more than 1 country; own or operate venues in more than 10 states; or employ more than 500 employees as of 2/29/20 as determined on a FTE equivalent basis
- Must demonstrate a minimum 25% decline in “gross earned revenue” in any one calendar quarter in 2020 compared to the same quarter in 2019
- Must have no less than 70% of earned income related to a live event generated through ticket sales, production fees or reimbursements, nonprofit education initiatives, food/beverages, merchandise sales
- Applicants must choose between seeking an SOS grant or applying for a second PPP loan as of December 27, 2020
- PPP “first draw” applicants are eligible for an SOS grant

Save Our Stages (SOS) Act – Grant Amounts

- Grants are calculated based on 45% of an entity's earned revenue in 2019; Capped at \$10 million per recipient
- Qualified applicants that are experiencing a 70% revenue decline as of April 1, 2021 can receive a supplemental grant equal to 50% of their initial award
- 60-day window before supplemental grant awards are awarded

Save Our Stages (SOS) Act – Priority Periods and Set-Asides

- 2 14-day priority periods – designed to help those businesses hardest hit first
 - First priority period – revenue decline of 90% or more – April 1 to December 31, 2020 compared to the same period in 2019
 - Second priority period – revenue decline of 70% or more
- Relief funds will not count as revenue for this calculation
- 20% set-aside for remaining initial grants – not based on revenue loss threshold
- \$2 billion set-aside for entities with 50 or fewer employees, using FTE equivalent calculation

Paycheck Protection Program

- \$284.45 billion available for “second draw” of forgivable loans through March 31, 2021
- SBA to issue regulations within 10 days of the bill’s passage
 - SBA and U.S. Department of Treasury meeting this week to draft and issue FAQs and new application forms
- Eligibility
 - Employ no more than 300 employees
 - Have used or will use the full amount of their first draw of PPP
 - Demonstrate at least 25% reduction in “gross receipts” in any one calendar quarter compared to the same quarter in 2019
 - Entities that receive a SOS grant are prohibited from obtaining a PPP “second draw” loan

Paycheck Protection Program – Eligibility Continued

- Gross receipts – Form 990 – Schedule A - Statement of Revenue
 - Contributions or gifts
 - Program service revenue
 - Investment or sale of assets
 - Miscellaneous
- Gross receipts do not include PPP funding
- Entities that do not file 990 still qualify
- Allowable expenses – includes software and other computing costs, moving expenses, PPE expenses and other expenses required for complying with public health and safety guidelines from March 1, 2020 to the end of the national emergency declaration – RETROACTIVE to PPP “first draw” loans not yet forgiven

Paycheck Protection Program – Eligibility Continued

- Loan Forgiveness
 - Current requirement of 60% of costs attributed to payroll in order to achieve full loan forgiveness
 - No requirement to deduct EIDL amounts from their forgivable PPP amount
 - Will be eligible for loan forgiveness equal to the amount of allowable costs spent during a period of their choosing – between 8 and 24 weeks
 - New streamlined process for borrowers with loans of \$150,000 or less

Paycheck Protection Program – Calculations and Process

- Loan amount calculation – 2.5x average monthly payroll costs up to \$2 million
 - year-round – calendar year – 12 months from date of application
 - seasonal – operation for 7 calendar months – 12-week period
- Process
 - SBA will create new application and other related forms
 - SBA and U.S. Treasury will issue FAQs and other guidance
 - Financial Institutions will eventually open portals to accept apps
 - New SBA administrator early 2021

Paycheck Protection Program – Things to Do

- Compile and review payroll records – 12 calendar months from date of the loan or 2019
- Review your relationship with your lender
- Compile and review your gross receipts

QUESTIONS
