



## Economic Injury Disaster Loans from the Small Business Administration

Congress recently passed [H.R.6074 - Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020](#), which was signed by President Trump on March 5, 2020.

The legislation authorizes \$8.3 billion in emergency funding for federal agencies to respond to the Covid-19 outbreak. The money is allocated for:

- Developing, manufacturing, and procuring vaccines and other medical supplies.
- Grants for state, local, and tribal public health agencies and organizations.
- Loans for affected small businesses.
- Evacuations and emergency preparedness activities at U.S. embassies and other State Department facilities.
- Humanitarian assistance and support for health systems in the affected countries.

The legislation also allows The Department of Health and Human Services (HHS) to temporarily waive certain Medicare restrictions and requirements regarding telehealth services during the coronavirus public health emergency.

The legislation is specifically applicable to small businesses through [SBA's Economic Injury Disaster Loans](#) (EIDL). The legislation specifically authorizes \$20 million for "an additional amount for the 'Disaster Loans Program Account' for administrative expenses to carry out the disaster loan program." These loans are available when "substantial economic injury means the business is unable to meet its obligations and to pay its ordinary and necessary operating expenses." According to SBA, "the interest rate on EIDLs will not exceed 4 percent per year. The term of these loans will not exceed 30 years. The repayment term will be determined by your ability to repay the loan."

The legislation also declares Covid-19 a disaster "that for purposes of section 7(b)(2)(D) of the Small Business Act, coronavirus shall be deemed to be a disaster and amounts available under 'Disaster Loans Program Account' for the cost of direct loans in any fiscal year may be used to make economic injury disaster loans."

In order to apply for an EIDL, the business must be located in an SBA declared disaster area. A disaster area is declared when a governor certifies to SBA that small businesses in the state "(1) have suffered economic injury as a result of such disaster, and (2) are in need of financial assistance, which is not available on reasonable terms in the disaster stricken area," or the President issues a major disaster declaration that authorizes individual assistance and public assistance.

Disaster Loans can be [applied for online](#), and there are [additional SBA resources](#) for assistance.

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