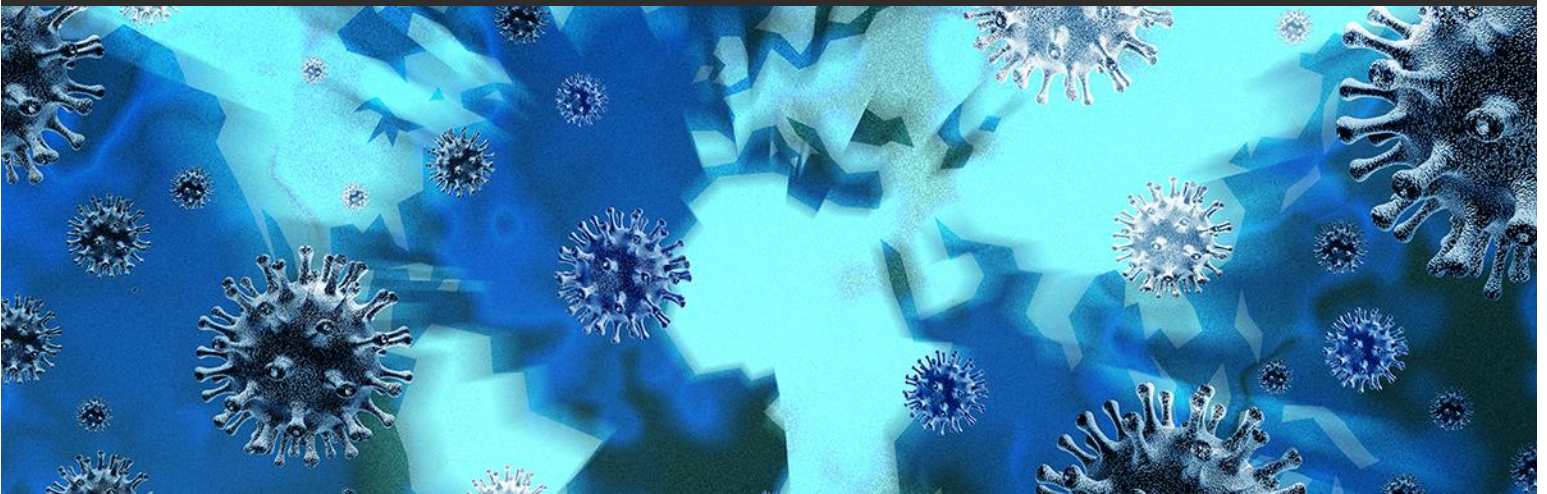


**Alert | Health Emergency Preparedness Task Force:
Coronavirus Disease 2019**



March 30, 2020

Key Provisions for General Aviation Businesses in the CARES Act

On March 27, 2020, the \$2 trillion stimulus bill known as the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was signed into law. While the CARES Act sets aside \$250 billion of direct payments to individuals and families and \$377 billion in small business loans, it also contains provisions that directly support general aviation. The general aviation community should be aware of the following elements within the CARES Act:

1. Temporary suspension through the end of the year of federal excise taxes for commercial operations, including the 7.5% FET applicable to Part 135 charter flights.
2. The suspension of the tax on aviation fuel until January 1, 2021.
3. A series of extensions allowing Part 135 charter operators to temporarily postpone certain training requirements related to crew safety concerns.
4. Allowing up to an additional three months to complete recurrent and upgrade training and qualification activities.
5. Relief allowing airmen whose medical certificates expire between March 31 and June 30 to continue to fly in order to reduce stress on the nation's healthcare system.

6. \$25 billion in direct lending and loan guarantees for passenger air carriers¹, including Part 135 charter operators, and Part 145 repair stations.
7. \$4 billion in direct lending and loan guarantees and \$4 billion in grants for cargo air carriers, including Part 135 operators that conduct cargo charter operations.
8. \$3 billion in grants for aviation industry contractors.
9. Congress further allocated an additional \$25 billion in grants for passenger air carriers and \$4 Billion in grants for cargo air carriers that are for continued payment of wages to employees.
10. \$10 billion in grants allocated for airports, a significant portion of which was designated for improvement of General Aviation airports.

These loans and grants come with restrictions and eligibility requirements. Loan and grant recipients are subject to employee retention requirements and restrictions on executive compensation, stock buybacks and dividends.

Because much of the General Aviation Community is comprised of small businesses², the GA Community should be aware of those provisions of the CARES Act that are generally available to small businesses:

1. \$350 billion in funds available for loans through a “Paycheck Protection Program.”³ Loans will have no fees and are available in amounts up to 250% of an employer’s average monthly payroll, up to \$10 million. Payment of principal and interest can be deferred up to a year. Up to eight weeks of average payroll and other costs may be forgiven if the business retains its employees at current salary levels.
2. \$10 billion is available for an advance up to \$10,000 in SBA Economic Injury Disaster Loans that may be used for expenses, including payroll and other operating expenses that would otherwise have been met had the COVID-19 pandemic not occurred. The principal amount of these loans can be up to \$2 million, with an interest rate of up to 3.75%. Payment of principal and interest can be deferred up to a year.
3. An additional \$17 billion is provided to cover six months loan payments for existing SBA borrowers. This relief is also available to new borrowers that take out an SBA loan within six months of the signing of the CARES Act into law.

¹ CARES Act relies on 40 U.S. Code §40102(a)(2) to define “air carrier” as “a citizen of the United States undertaking by any means, directly or indirectly, to provide air transportation.”

² Under the CARES Act, this includes a small business, 501(c)(3) nonprofits, 501(c)(19) veteran’s organization, or Tribal business concern described in section 31(b)(2)(C) of the Small Business Act with not more than 500 employees, or the applicable size standard for the industry as provided by SBA, if higher. Sole-proprietors and independent contractors may also avail themselves of this relief.

³ Section 7(A) of the Small Business Act, 15 U.S.C. 636(a).

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