

ALERTS

CARES Act Provides Financial Assistance for Mid-Sized Companies

March 30, 2020

On March 25, 2020, the Senate unanimously passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). On March 27, 2020, the CARES Act passed the House of Representatives and President Trump signed the bill into law.

The CARES Act is an emergency stimulus package that provides \$2 trillion in aid to provide financial support to individuals and businesses that have been affected by the coronavirus pandemic. In particular, Title IV of the CARES Act, referred to as the “Coronavirus Economic Stabilization Act of 2020” (“CESA”), provides that from now until Dec. 31, 2020, the Secretary of the Treasury (“Secretary”) is authorized to make loans, guarantees and “other investments” to support certain eligible businesses, as well as state and local governments, of up to \$500 billion in the aggregate. Of the \$500 billion allocated for the relief program under CESA, (i) up to \$25 billion is available for loans and guarantees for passenger air carriers; (ii) up to \$4 billion is available for loans and guarantees for air cargo carriers; (iii) up to \$17 billion is available for loans and guarantees for businesses critical to maintaining national security; and (iv) up to \$454 billion (plus any amounts not actually given out under (i) through (iii)) is available for loans, guarantees, or other investments to support programs established by the Board of Governors of the Federal Reserve System (“Federal Reserve”) “for the purpose of providing liquidity to the financial system that supports lending to eligible businesses, States, or municipalities.”^[1]

The CARES Act and other recent legislation also effectuates certain tax law changes and payroll and social security tax relief that are also addressed in this *Alert*.

Read full *Alert* [here](#).

Authored by Stuart D. Freedman, Andrew J. Fadale, Ian L. Levin, David J. Passey, Joseph P. Vitale, Kristen Q. Lin and Jessica Romano.

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[1] On March 23, 2020, the Federal Reserve announced that it expects to establish a Main Street Business Lending Program. CESA clarifies that the loan and guaranty program for mid-size businesses would be in addition to the Main Street Business Lending Program established by the Federal Reserve.

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Related People



**Stuart
Freedman**

Of Counsel
New York



**Ian
Levin**

Partner
New York



**Jessica
Romano**

Special Counsel
New York

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