

# RELIEF FOR LARGE BUSINESSES: Economic Stabilization Loans/Troubled Debt/Transportation Industry

**Insight — 03/27/2020**

by Holland & Hart Income Tax Team

Large to medium sized businesses that do not qualify for SBA or EIDL loans may qualify for Economic Stabilization and Assistance Loans or loan guarantees, subject to certain terms and restrictions. Large businesses also may also be eligible for debt restructuring through their bank.

## **Economic Stabilization and Assistance Loans**

Title IV of the CARES Act authorizes \$500 billion in liquidity loans for eligible businesses who have not otherwise received funding under the Act, with specific funding allocated for air carriers. Recipients of liquidity loans are required to maintain employment levels as of March 24, 2020 until September 30, 2020 “to the extent practicable,” cannot engage in stock buybacks or pay dividends during the pendency of the loan, and are subject to compensation limitations, among other things. In contrast to the payroll support loans, loan forgiveness is not available for liquidity loans under Title IV.

## **Troubled Debt Restructurings**

Allows banks to renegotiate loan terms with coronavirus impacted borrowers (companies and individuals) without having to hold extra capital as long as the new terms are needed as a result of coronavirus impacts.

## **Transportation**

The Act includes funding and financing for airlines and aviation businesses as well as grants for airports, public transit and Amtrak. The bill specifically authorizes \$25 billion in loans and loan guarantees for passenger airlines, repair stations and ticket agents and \$4 billion to cargo airlines. The bill also provides \$32 billion in grants to pay wages, salaries and benefits of employees with \$25 billion available for passenger airlines, \$4 billion for cargo airlines and \$3 billion for airline contractors. Grants are based on the wages, salaries and benefits that employees received from April 1 to September 30, 2019. A recipient also must agree to certain restrictions on compensation and must agree that before September 30, 2020, they will not conduct furloughs, reduce pay rates, buy back stock or pay dividends. The carriers are also required to continue service to any point served

before March 1, 2020 to the extent practicable.

---

*Subscribe to get our Insights delivered to your inbox.*

*This publication is designed to provide general information on pertinent legal topics. The statements made are provided for educational purposes only. They do not constitute legal or financial advice nor do they necessarily reflect the views of Holland & Hart LLP or any of its attorneys other than the author(s). This publication is not intended to create an attorney-client relationship between you and Holland & Hart LLP. Substantive changes in the law subsequent to the date of this publication might affect the analysis or commentary. Similarly, the analysis may differ depending on the jurisdiction or circumstances. If you have specific questions as to the application of the law to your activities, you should seek the advice of your legal counsel.*