

## Ideas for Economic Stabilization and Recovery

### Why These Stabilization Ideas Important and Deserved By Businesses

The Task Force was advised that CBJ will be in severe economic hardship within a year due to CV19 and the loss of tax and other revenues and will have very limited funds for grant or financial support to individuals or businesses. However, if the Federal CARES Funding is received, there are provisions within the Act that provide funding and grants to individuals and businesses. The list of ideas below is intended to provide stop-gap measures for business stabilization that may help current business owners to survive, and assist their employees with payroll continuity.

Businesses bring all of local sales tax revenue to the CBJ, and make up about 40 percent of its property taxes. It is reasonable to connect the sustainability of businesses to future tax revenue generation. Business sustainability grants allowable under the CARES act will assist in this effort.

The Federal CARES Act is very specific that the dates incurred for the use of the funds are between March 1 and December 31, 2020. For discussion purposes, the ideas below are focused around the support provided by the CARES Act. Funding provided for business relief should be commensurate with the overall impact businesses have on the core budget for CBJ. We have not yet provided suggested initial funding limits for each program.

These are current ideas for the Task Force to consider specific to Business Assistance to survive the CV19 Business Interruption. We understand that Programs for non-businesses will be considered by other groups working on Economic Recovery and CBJ.

### Business Sustainability Grants

Business will be provided grants up to the equivalent of four months of long-term debt costs, and costs for physical retrofitting their businesses due to Covid-19.

Program:

1. Business must have at least 50% local ownership as of 2/15/20.
2. Rent or loan measurement period is May 2020 through August 2020.
3. Minimum decrease in sales is 25% YoY in order to participate.
4. Percentage decrease in YoY sales is documented by the monthly or quarterly sales tax return results, or financial information acceptable to the City Manager.
5. Grant is equal to total of expected lease or loan payments during the measurement period for the business lease(s) or mortgage(s) associated with the sales tax filer.
6. Businesses will be reimbursed for any documented costs of physical retrofitting their businesses due to Covid-19 safety measures.
7. Documentation provided is existing lease or bank statements combined with payment documentation at the conclusion of the measurement period.

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8. Advances of two months of grants may be made up front. Business must be able to demonstrate financial harm due to financial sector, or currently available sales information.
9. Funding source is CARES Relief Fund.

### **Commercial Water and Sewer Utility Payor Relief**

Businesses are given a discount on their utility bills equal to the percentage decline in year-over-year (YoY) sales as reported on sales tax return

Program:

1. Business is a commercial utility payor.
2. Business must have at least 50% local ownership as of 2/15/20.
3. Percentage decrease in YoY sales is documented by the monthly or quarterly sales tax return results, or financial information acceptable to the City Manager, in equal percentage decrease in utility bill in comparing 2020 to 2019.
4. Minimum decrease in sales is 25% YoY in order to participate.
5. Program runs from May 2020 through April 2021 (or earlier depending on expiration of CARES funding).
6. Funding source is CARES Relief Fund.

Example:

- Utility customer is a business with local ownership and has \$1,000 per month utility bill and has a sales tax account with the CBJ. Sales as determined on a monthly (or quarterly) basis were \$10,000 in April 2019 (or quarter ended June 30, 2019). Sales were \$4,000 in April 2020.
- Customer receives a 60% reduction/rebate (equal to decline in sales tax YOY) or \$600 on April 2020 (or June Quarter End) utility bill.

Option: Incorporate AEL&P

- CBJ passes COVID funding on to AEL&P based on above parameters.
- AEL&P able to participate as long as CBJ makes determination amount and payment for customer account.
- Same calculation as water and sewer utility payments above.

### **Local Citizen and Business Relief “Support Local and Save”**

Currently done in Camas, Wa - <https://www.cityofcamas.us/ourcommunity/support-local-save> and Newberg, Oregon

Citizens are given a discount on their utility bills equal to amount spent at local businesses, excluding spending for essentials – groceries, utilities that are made anyway. The focus is to encourage spending at local businesses.

Program:

- Customers make purchases from local businesses excluding grocery and utilities).
- Customers save their receipts that show the business name, date, and amount of purchase.
- When they have a total of \$50 in receipts (this could be one receipt or multiple), they are eligible to receive a \$25 credit on their utility bill.

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- Customers mail or email their receipts to CBJ.
- All receipts must be accompanied by the customer's full name or the name on the utility account, address, contact phone or email, and account number.
- Customers may submit a total of \$300 in receipts for a total savings of \$150.
- "Support Local & Save" will begin on June 1, 2020 and run through August 31, 2020, with review for extension as needed.
- Funding is CAREs Relief Fund.

### Option: Incorporate AEL&P

- CBJ passes COVID funding on to AEL&P based on above parameters.
- AEL&P able to participate as long as CBJ makes determination amount and payment for customer account.
- Same provisions as above.
- Customers may submit a total of \$300 in receipts for a total savings of \$150.

### **Supporting Investment Costs for Rapid Testing in Juneau**

Support a recommendation for Juneau to purchase its own rapid testing equipment, with the resulting benefits to quickly test those that travel into Juneau as a hub of economic and government activity. This would enable more ease of travel into our city to reduce quarantine requirements, from outlying communities or via plane, cruise ship, ferry or other transportation sources. Businesses would be able to have workers onsite within 2-3 days, vs 14 or more, which would relieve economic and social hardship of costs of quarantine.

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**Note: The following are additional assistance ideas. However, these programs may not be permitted by U.S. Treasury. ESTF members are still gathering facts around this matter.**

### **Juneau Stabilization Fund - Increase Loan Program/Add forgiveness Component**

- Initial CBJ loan program was very popular - ~150 applicants, 125 funded loans.
- Businesses will be under continued significant stress into fall, winter and into next spring.
- Some businesses won't benefit from one of the above programs
  - Tenants of tenants
- Add additional funding to the existing program for late summer through the end of the year. Provide for loans in up to \$25,000 or \$50,000 increments based on employment levels as in first program.
- Priority given to business's that did not receive funds during the initial program period.
- Businesses that previously received a loan from the CBJ program would be eligible for the second round.
- Must have business downturn of at least 25% to participate in second lending round.
- Add forgiveness program of 25% of loan amount as of 6/1/21 and additional 25% of loan amount as of 6/1/22 for current and new loans if the following conditions are met:
  - Compliance with CBJ property and sales tax requirements through every period of the loan forgiveness period.
  - If a year-round business or seasonal business, still in operation as of 6/1/21 (and then 6/1/22 for second phase of forgiveness)
  - If need (decrease in YoY sales in 2020 as compared to 2019 of greater than 50%. Forgiveness % equals decline in sales).
  - Must assert to commit to try to hire locally
- Extend repayment terms to allow JEDC to modify loans for up to a three-year payment period.
- Loan program to conclude no later than 6/30/23.
- Funding is CARES Relief Fund.

### **Commercial Property Tax Payor Relief**

Businesses are given a discount on their property tax bills equal to the percentage decline in YoY sales as reported on sales tax return.

Program:

1. Business is a commercial property tax payor.
2. Business must have at least 50% local ownership as of 2/15/20.
3. Percentage decrease in YoY sales as documented on monthly or quarterly sales tax returns results, or financial information acceptable to the City Manager, in equal percentage decrease in property tax bill for 2020.
4. Calculation period is April 2020 through September 30, 2020.
5. Minimum decrease in sales is 20% YoY in order to participate in program.
6. Cap is 25% of property tax per payor.
7. Funding source is CARES as above.

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Example:

Property Tax payor is a business with some local ownership that has been impacted by Covid and also has a sales tax account with the CBJ. Sales Taxes between April 1 and September 30, 2019 were \$5,000. Sales Taxes were \$2,000 (67% decline) between April 1 and September 30, 2020.

**CBJ Program:** Customer receives a 67% reduction/rebate on 2020 property tax bill.

### **Commercial Tenant Rent Relief (if not covered in Business Interruption grant)**

Commercial property owner incentivized to give rent relief to tenant. Incentive is dollar for dollar reduction on commercial property owner's tax bill equal to rent reduction given.

Program:

1. Rent reduction provided by landlord to tenant (unrelated business entities) results in property tax reduction. For every dollar of rent reduction, landlord receive one dollar of property tax reduction.
2. Tenant must have at least 50% local ownership as of 2/15/20.
3. Program runs through April 2021 or expiration of CARES funding, whichever is earlier.
4. Cap on program is 100% of landlord's 2020 property tax
5. Funding is CARES money for the property tax incentive paid to mitigate the COVID effects on local business
6. Documentation provided is existing lease and lease amendment providing the rent relief.
7. Landlord must agree to no increase in rent costs as reflected in the rent agreement, before reduction as described, for one year after last month of subsidy. Landlord must agree to no other additional charges for one year after last month of subsidy.

Example:

- Tenant is a business with local ownership. Commercial tenant lease = \$1,000. Landlord property tax = \$20,000. Landlord gives discount to local business renter of \$400 so rent payment is now \$600.
- CBJ provides property tax relief to landlord of \$400 @ number of months of discount up to 12 months (through April 2021 – or December 31 if CARES terminates on that date).
- Cap on property tax discount is say 50% of \$20,000 total property tax bill.