



April 3, 2020

DEALERSHIP INFORMATIONAL ADVISORY  
**COVID-19 UPDATE #11**

## **Governor's Update on Business Closures and CARES Act Tax Information**

### **GOVERNOR MAKES A STRONG STATEMENT ON EXECUTIVE ORDERS**

Today Gov. Hutchinson made a compelling and strong statement during his daily press conference detailing his views on issuing a broader "Stay at Home" Executive Order that would lead to a closure of nonessential businesses. If you would like to watch his press conference, and I would encourage each of you to take the time, it is available at [Governor's 4-2-2020 COVID-19 Update Press Conference](#).

The Governor outlined his decision that a "Stay-at-Home" order is not needed in Arkansas at this time even as a majority of other states have implemented some form of the measure. Instead, he continues to rely on data showing the number of COVID-19 cases in Arkansas rising slower than projections, and maintaining the view that the current targeted response is effectively flattening the curve of the spread of coronavirus. It should be noted that unlike many states, Governor Hutchinson is considering both the public health needs and economic realities of this pandemic.

Interestingly for dealers, the Governor made reference to the confusion that has been caused by many of the orders issued across the country. As you know, this has been a huge problem for dealers in other states over the classification of dealers sales facilities as "essential businesses." For a current list of these orders click [Executive Order Chart 4-2-2020](#).

While AADA continues to work to ensure that all parts of the dealership will be considered essential in the event of an expanded business closure, we want to send a strong message of appreciation and thanks to the Governor for his leadership through this crisis. Additionally, I would continue to encourage dealers that everything you are doing to ensure the safety of your customers and employees is critical to continuing to slow the progression of COVID-19. Preventing the spread under the existing targeted response will definitely influence whether further business closures are necessary.

Please do not hesitate to reach out to AADA at [greg@arkautodealers.com](mailto:greg@arkautodealers.com) or call me at (501) 372-2596 if you have any questions.

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## CARES ACT INFORMATION ON TAXES

Many of you are working through the SBA Paycheck Protection Program (PPP). Obviously there are still a number of questions regarding this program, and you should be actively talking with your bank and accountant to make sure you get your application filed timely with the maximum opportunity for loan forgiveness.

While PPP has gotten all the attention, there are a number of federal tax provisions contained in the CARES Act that will directly affect dealers and can provide immediate assistance for many of you. NADA held a webinar today that you can view at this link: [watch NADA's webinar Federal Tax Implications of COVID-19: How the New Environment Affects Dealers.](#)

### **Some Tax Benefits are NOT Available for PPP**

Keep in mind that dealers who obtain a PPP loan will not be able to defer the payment of payroll taxes. And they won't be able to utilize the employee retention tax credit from the CARES Act. We would definitely recommend you consult your financial adviser's to compare the cash flow benefits of these tax provisions vs. a PPP loan. Both are explained on page 11 of [this document](#) from the U.S. Senate Committee on Small Business and Entrepreneurship.

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## AR DEPARTMENT OF COMMERCE FUNDS AVAILABLE

The Arkansas Department of Commerce announced they will begin receiving applications for the Quick Action Loan Guaranty Program to address the immediate needs of businesses affected by the COVID-19 outbreak. The program will be administered by the Arkansas Economic Development Commission (AEDC) in partnership with the Arkansas banks.

Funds for the program are provided through an allocation of \$4,000,000 from the Governor's Quick Action Closing Fund, and an additional \$3,000,000 from Attorney General Leslie Rutledge's Consumer Education and Enforcement Fund. A portion of the funding will go towards the guaranty loan program while other funding will be focused on direct loans through AEDC.

For details on applying for these funds go to this link, [Dept of Commerce Quick Action Closing Fund Loans.](#)

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## ADDITIONAL AND HELPFUL LINKS

For additional information related to maintaining your dealership as safe, we would recommend monitoring updates from the CDC, [link](#), and OSHA, [link](#).

Please go to our website for links to information your dealership needs at [AADA coronavirus update.](#)

AADA will work to keep you updated on this situation, but a firm commitment to maintaining a safe and clean work environment for your employees and customers will help you navigate this health crisis.

If you have any questions about this bulletin please don't hesitate to call, 501-372-2596, or email Greg Kirkpatrick [greg@arkautodealers.com](mailto:greg@arkautodealers.com).