



ATTENTION CALIFORNIA THOROUGHbred TRAINERS

(Update: April 3, 2020)

UPDATE: FINANCIAL RELIEF FOR TRAINERS

(As of April 3, 2020)

SMALL BUSINESS FUNDS AVAILABLE

Given the business and personal situations all horsemen and owners are confronting, here is CTT's simple guidance to add to the resources we have been providing you for several days. **CTT has assembled the following information from several sources, but each trainer is responsible for his/her own decisions and the accuracy of their own applications for relief.**

FIRST STEP: Trainers should immediately communicate with all owners, clients, and employees. Be sure they understand you care about their interests and their personal situations, whether financial or otherwise. Remember always that participating in racing is discretionary, and that your professional duties as a trainer include caring for their horses and their welfare. That takes experienced staff and commitment. **The programs below have been put in place to enable you financially to retain your staff.**

NEXT: All trainers (and their owners) should be aware of the two primary relief programs available. We encourage you to look into these with your financial advisors and your owners. **We urge you to apply as soon as possible in order to be considered as quickly as possible.**

We understand that many banks are currently unable to process loan applications.

Paycheck Protection Program [PPP]

The first program is the Paycheck Protection Program [PPP]. The Program will provide much-needed relief to millions of small businesses so they can sustain their businesses and keep their workers employed. As a trainer, please anticipate that some of your clients may not want to continue in racing, or may want to reduce their involvement to some extent. This legislation is intended to keep as many workers employed as we all can! It provides small business job retention financing to provide **eight weeks of payroll** and certain overhead to keep workers employed.

Trainers should apply to a **participating SBA 7(a) lender**, bank, or credit union, apply for financing, and be approved on the same day. Your present banker, who knows you and your business, is the best place to go!

Loans will be forgiven as long as the funds are used to keep employees on the payroll and for certain other expenses. This program is for any small business (**training operations are eligible as a small business**) with less than 500 employees (including sole proprietorships, independent contractors, and self-employed persons).

The Paycheck Protection Program will help small businesses with their payroll and other business operating expenses. It will provide critical capital to businesses without collateral requirements, personal guarantees, or SBA fees – all with a 100% guarantee from SBA. Loans can be up to 2.5 x the borrower's average monthly payroll costs, not to exceed \$10 million. All loan payments will be deferred for six months. Most importantly, the SBA will **forgive** the portion of the loan proceeds that are used to cover the first eight weeks of payroll costs, rent, utilities, and mortgage interest. Loan forgiveness is not automatic! You will need to submit a request to the lender that provided the loan.

How does a trainer calculate average monthly payroll costs? Adding all payroll cost for the month, minus excluded expenses, will equal payroll cost. For a more accurate average monthly cost, consider aggregating the payroll costs minus excluded expenses for the twelve-month period prior to your loan application. Dividing this total by twelve will give you your average monthly payroll cost.

Payroll costs include: salary, wage, cash tips or equivalent, sick, vacation, medical, family/parental leave, group health insurance payments, and, according to Post Time Self Insurance Group [PTSIG], workers' compensation insurance premiums. You will be receiving a separate memorandum on worker's compensation insurance premiums from PTSIG.

Excluded as payroll costs: Independent Contractor expenses, payroll taxes, e.g., Federal employment taxes and the employee's and employer's share of FICA; compensation for an individual employee in excess of annual salary of \$100,000, prorated for period Feb. 15 to June 30, 2020; wages for an employee whose principal residence is outside of the U.S., sick leave wages for which credit is allowed under section 7001 of the Families First Coronavirus Response Act (FFCRA), or family leave for which credit is allowed under section 7003 of the FFCRA.

Visit [SBA.gov/Coronavirus](https://www.sba.gov/coronavirus) for more information on the Paycheck Protection Program

Economic Injury Disaster Loan [EIDL]

The second program in response to the pandemic is for small business owners. Racehorse training operations and affiliates are eligible to apply for an **Economic Injury Disaster Loan [EIDL] and receive an advance of up to \$10,000** and **this loan advance will not have to be repaid**. The SBA's Economic Injury Disaster Loan program provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. The loan advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue.

See below for added information that may be useful to your owners and others in racing with whom you may do business. All information is provided courtesy of the National HBPA, to which CTT is most appreciative.

To apply for a COVID-19 Economic Injury Disaster Loan, [click here](#).

Recap of Specific Business Situations / Loan Availability

- Racehorse owner or racing stable with no payroll:
May be eligible – EIDL
Not eligible – Employer tax credits, employer tax deferrals, PPP (since no payroll)
- Trainer who has payroll:
May be eligible – PPP, EIDL (which can be converted into a PPP), employer tax credits and employer tax deferrals (but only if does not participate in the PPP)
- Horse farm with payroll:
May be eligible – PPP OR employer tax credits and employer tax deferrals
Not eligible- EIDL
- Bloodstock agent, consignor, manager of racing stable – sole proprietor or partnership without payroll:
May be eligible – PPP based on self-employment income up to \$100k/owner, EIDL (which can be converted into a PPP), employer tax credits and employer tax deferrals (but only if does not participate in the PPP) or self-employment income