

## June 2020 – Printer Friendly



Thank you for reading the “printer friendly” version of the MHA’s monthly **eHELPS** newsletter. If you would like to receive **eHELPS** via email, please send your request to [ehelps@midwesthardware.com](mailto:ehelps@midwesthardware.com).

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## ***SBA Revises PPP Loan Forgiveness Application***

*By Jeff Drew, Journal of Accountancy*

Last week, the U.S. Small Business Administration (SBA) released a revised Paycheck Protection Program (PPP) loan forgiveness application found on Form 3508. The updated form reflects changes made to the PPP as a result of the new Paycheck Protection Flexibility Act of 2020, which became law on June 5.

Congress passed the Paycheck Protection Flexibility Act to make it easier for small businesses and other PPP borrowers to qualify for full loan forgiveness. The biggest changes found in the Paycheck Protection Flexibility Act include:

- The ability for borrowers to select a “covered period” for loan forgiveness to be eight weeks (the time period originally established to use PPP funds) or to select a 24-week period.

- A reduction of the proportion of proceeds that must be spent on payroll costs from the original 75% down to 60%.
- The establishment of a safe harbor for businesses that have been unable to return to the level of business activity they had before the COVID-19 pandemic due to compliance with health and safety guidelines for slowing the spread of the virus.

Also last week, the SBA issued new rules for determining payroll costs and owner compensation in calculating PPP loan forgiveness under the new 24-week covered period.

The Paycheck Protection Flexibility Act tripled the duration during which PPP recipients could spend the funds and still qualify for loan forgiveness - a span of time called the "covered period". The **interim final rule** adjusts and adds to previous guidance for calculating loan forgiveness under the original 8-week covered period.

The PPP allows loan forgiveness for payroll costs, including salary and wages, for up to \$100,000 annualized per employee, or \$15,385 per individual over the 8-week period. The new interim final rule establishes the 24-week maximum for full loan forgiveness at \$46,154 per individual. Eligible payroll costs also include the cost associated with continuing health care coverage for employees, retirement contributions and state taxes imposed on employee payroll that are paid by the employer.

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## ***Employers Must Determine Whether Employee's COVID-19 Illness is Work-Related***

OSHA recently updated enforcement guidance enforcing the recordkeeping requirements of 29 CFR 1904 for employee COVID-19 illnesses for all employers (including hardware dealers).

This means that until further notice, employers must reasonably determine whether employees, who have COVID-19, contracted the illness at work. If the COVID-19 illness is deemed work-related, it is currently considered a recordable illness under OSHA. Recording a COVID-19 illness does not, of itself, mean that the employer has violated any OSHA standard. Also, as with existing recordkeeping requirements, employers with 10 or fewer employees and certain employers in low hazard industries have no recording obligations; they only need to report work-related COVID-19 illnesses that result in a fatality or an employee's in-patient hospitalization, amputation, or loss of an eye.

Please [click here](#) for an understanding of how OSHA's recently updated enforcement affects your store and when you are required to report and/or record employee COVID-19 illnesses as work-related.

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## ***Phase 4 of Restore Illinois Starts Friday***

Earlier today, the Illinois Department of Commerce and Economic Opportunity released guidelines to be implemented under Phase 4 of the Restore Illinois program.

Phase 4 is scheduled to begin on Friday, June 26. Phase 4 allows for the safe reopening or expansion of several key business segments such as health and fitness, movies and theater, museums and zoos, as well as indoor dining at restaurants. Phase 4 also allows for expanded gathering sizes, increasing the limit from 10 in Phase 3, to 50 people or fewer. This expanded gathering limit extends to key activities like meetings, events, and funerals.

For essential retailers like hardware stores, little will change from Phase 3. Employees are still being asked to wear face coverings (cloth masks preferred) over their face and mouth when within 6-feet of others. Customers are being asked to continue to wear face coverings. Also, stores are expected to operate at a maximum of 50% store capacity.

The complete set of Phase 4 guidelines for Illinois retailers may be found [here](#).

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## ***Minnesota Members Need COVID-19 Preparedness Plan by June 29***

All Minnesota businesses that remained open throughout the peacetime emergency which was declared in Minnesota as a result of the pandemic, must have a COVID-19 Preparedness Plan in place by June 29.

What is a Covid-19 Preparedness Plan? It is a written document which explains the conditions, policies and practices which your store has implemented in order to meet recommended guidelines related to a safe and healthy workplace during the pandemic.

Your store's COVID-19 Preparedness Plan does not need to be published or publicly displayed, but it must be made available to customers and employees if they request to see it.

The State of Minnesota has a template which may be used to develop your store's plan. That template may be found [here](#). While businesses are not required to use this template, all plans must address the components included in the state of Minnesota industry guidance developed for their type of business.

Specific guidance for all retailers (both critical and non-critical) may be found [here](#).

Developing a plan may seem overwhelming. However, for most hardware stores, it is a matter of documenting the policies developed and put in place since the outbreak began with regards to employee hygiene, workplace cleaning, social distancing, sick employees staying home, etc. For hardware stores, plans should address the components found under industry guidance for retailers.

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## ***Wisconsin 2020 Partisan Elections Take Shape***

*By Misha Lee, MHA Wisconsin Lobbyist*

Despite unique challenges for candidates brought on by the Coronavirus, the 2020 Wisconsin partisan elections, both primary (Tuesday, August 11th) and general (Tuesday, November 3rd), are beginning to take shape. June 1st was the last call for all candidates to file nomination papers in order to make it on the ballot. Depending on level of office, the minimum number of signatures required by law varies anywhere from 200 to 2,000. Those candidates who filed nomination papers will appear on the ballot unless they did not turn in sufficient signatures to qualify or if some of their signatures are challenged and dismissed leaving them with inadequate signatures to obtain ballot access. The Wisconsin Elections Commission (WEC) met on June 10th to certify candidates and also reviewed information on ballot access issues and challenges of certain candidates.

In summary of the 2020 electoral landscape, there are a total of 21 open seats (10 Republicans, 11 Democrats) where incumbents have either announced they are not running for re-election or are running for a different office. Of those, one-third of them are current members of the 33-member State Senate. The Senate will be a much different looking body next year. Spring 2020 brought about the unexpected

announcement from State Sen. Fred Risser (D-Madison), America's longest serving state lawmaker in history, that he will retire after an historic 64-year run serving in the legislature. Six other members of the State Senate will be leaving at year's end, including Republican Senate Majority Leader Scott Fitzgerald who is running for Congress to replace Jim Sensenbrenner who is retiring. Eighteen incumbent lawmakers have no opponent in their re-elections (11 Republicans, 7 Democrat); 4 legislators will only have a primary election (2 Republican, 2 Democrat); 68 legislators have a general election only; 33 districts have both a primary and a general election and 10 seats have a 3rd party candidate also running.

See an an unofficial list of all candidates [here](#).

The 2020 elections are sure to be historic with a hotly contested Presidential election between Donald Trump and Joe Biden setting the stage at the top of the ticket. Even more unprecedented for candidates and voters alike will be the unique nature of these elections in particular amid concerns and uncertainty over COVID-19. Already, countless events around the state have been cancelled and customary campaign tactics and strategies have been put on hold which pose challenges for candidates to effectively reach voters. National and state polls this far out from election day are unlikely to be accurate indicators of what will happen. And what also remains to be seen is the mood of the electorate come August and November and how it will impact new candidates versus incumbents the ramp up to the election.

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## ***Illinois Passes COVID-19 Workers' Compensation and Unemployment Insurance Legislation***

*By Alec Laird, MHA Illinois Lobbyist & Vice President, Government Relations for Illinois Retail Merchants Association*

During the abbreviated session in Springfield, unemployment insurance and workers' compensation legislation was passed to address the problems created by the COVID-19 pandemic.

### **Unemployment Insurance**

Agreement was reached between representatives of business, (including representation by MHA and IRMA) and labor, (represented by the AFL-CIO), on an amendment to Illinois' unemployment insurance law. The agreement came about as a result of an 'agreed bill' process initiated by the House Democrats and supported by the other three legislative caucuses and the Governor's Office. The agreement was contained in [Senate Amendment #2](#) to HB 2455.

Here is an overview of what was agreed to:

1. Individual employers will be non-charged for any of their lay-offs occurring between March 15, 2020 and December 31, 2020. Instead, lay-offs occurring during this time will be spread across all employers. This time-frame was established by the federal government in one of their stimulus packages with the requirement that states had to address non-charging in order to obtain matching monies from the federal government.
2. The state will receive \$2.1 billion in matching federal monies to help pay for the \$4.2 billion that will be expended as a result of the extra 7-weeks of extended benefits that kicked-in because unemployment is so deep. Additionally, IDES receives a second \$20 million installment from the federal government to pay for administrative expenses they are experiencing as a result of the massive unemployment.
3. Non-instructional educational employees (e.g. custodians, bus drivers, etc.) of school districts who are not paid over a 12-month period are eligible for unemployment insurance during the months they are not being paid by their respective school districts. The theory is that as a result of COVID-19, the part-time jobs they usually take to help ends meet will not be widely available. Normally, this cost would be borne by the school districts. As a result of non-charging employers, this cost will be spread over the taxable employer base. Additionally, as a result of the 50% federal match, only 50% of the cost will be borne on the employer base. That number could be as high as \$210 million.
4. During the 2015 UI negotiations, labor won UI benefits for certain social security recipients and employers won long-sought reforms on misconduct. At that time, it was agreed that whichever side was the 'loser' in terms of dollars, that side would have a 'chit' in the next negotiations. It is estimated that misconduct reforms have saved employers \$106 million and the social security offset cost the trust fund \$55 million. That chit of approximately \$50 million for labor is wiped out and both sides will enter the next negotiation even.
5. Illinois has 'speed bumps' in their law to incentivize both sides to return to the negotiating table and participate. As an example, if no agreement is reached, employers realized a tax increase and labor benefit cuts. Those speed bumps are supposed to be 50/50 but had developed over time. It was agreed that they will be re-set at \$500 million each. It must be noted that since the agreed bill process was put in place in the early 1980's, those 'speed bumps' have never taken effect because agreements were reached.
6. Labor and business agree to cooperate on efforts to obtain additional federal assistance to help resolve what will be a trust fund deficit of between \$8 billion and \$14 billion (depending on whether or not we have hit the worst of the lay-offs) over the next three years. You can read a joint letter that was sent to the Illinois congressional delegation [here](#).

We fully anticipate being back at the negotiating table in another agreed bill process next spring to start to address the projected trust fund deficit.

#### Workers' Compensation

MHA members may recall that in April, at the direction of the Governor's office, the Illinois Workers' Compensation Commission (IWCC) filed an emergency rule making

it a rebuttable presumption that first-responders, healthcare workers, and employees of essential employers who contracted or were believed to have contracted COVID-19 did so at work. MHA, IRMA and the IMA, supported by two-dozen other entities, sued the IWCC questioning their authority to extend a benefit via administrative rule. The Court issued a Temporary Restraining Order and, shortly thereafter, the IWCC withdrew the rule but promised to pursue legislation.

IRMA, MHA, and the IMA were told by legislators that legislation would be pursued but that the legislative Democrats were going to convene a negotiation in the attempt to reach compromise. Last week, an 'agreed bill' negotiation was undertaken. MHA, IMA, and IRMA were in the room on behalf of the business community. As has been the case for decades, the IMA is the point-person on workers' compensation negotiations. After intense negotiations over the last week, agreement was reached. The agreement was contained in [Senate Amendment #2](#) to HB 2455.

Briefly, healthcare workers, first-responders, and employees of essential employers under Governor Pritzker's Executive Order 2020-10 carry a rebuttable presumption. However, that rebuttable presumption can be overcome if certain conditions are met. [View this chart](#) to review the elements of the agreement. Additionally, legislative intent language was read pursuant to the agreement. That legislative intent language can be [found here](#).

The National Council on Compensation Insurance (NCCI) has issued a 'scoring' of HB 2455, the agreed bill, as it compares to their cost-analysis of the Governor's emergency rule that was withdrawn. The following chart reflects their report. Of note, [NCCI's estimate on HB 2455 does NOT reflect the ordinary standard in HB 2455](#) so these costs should be lower.



## Forklift Workshop DVD Training

The Occupational Safety and Health Act of 1970 requires employers to have formal and practical training and evaluation for all forklift operators. Once initial training is conducted, employers must then evaluate each operator at least once every three

years. The Forklift Workshop DVD Training can help you meet OSHA forklift training requirements.

The Forklift Workshop DVD is an innovative approach on education new and veteran operators on proper forklift safety procedures as required by OSHA. The workshop contains everything necessary, such as a 35 minute DVD, trainer's tools on CD-ROM, operator's handbook, quizzes, forklift poster, and more!

Contact Jordan Firkus at 800-888-1817 ext. 301, [jordanf@midwesthardware.com](mailto:jordanf@midwesthardware.com) or Andrea Ramage at 800-888-1817 ext. 365, [andrear@midwesthardware.com](mailto:andrear@midwesthardware.com).

## **Testimonials**

*"The Forklift Workshop DVD is a handy tool. It includes basic information to help train new forklift operators and provides a heads up on possible safety issues. The video and material provided make training quick and easy."*

### **Mike, Manager**

*United True Value  
Oconto Falls, WI*

*"We purchased the forklift training DVD system after a surprise OSHA visit as a necessity. Among the things we were fined and cited for was failure to have a formal and well-documented forklift training program. We purchased the forklift DVD training program from the Midwest Hardware Association to become compliant and avoid additional penalties."*

### **Matt Johnson**

*Johnson's Hardware & Rental  
Mora, MN*

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# Sales Trends (April 2020)

Here are the most recent Illinois, Minnesota-Dakotas, and Wisconsin hardware store sales trends, gathered from association members using the MHA's monthly accounting service. The figures derived for each region includes sales data from the following number of stores:

- Illinois - 22 stores
- Minnesota-Dakotas - 10 stores
- Wisconsin - 67 stores

	Month	YTD
Illinois	30.67%	3.62%
MN-Dakotas	46.15%	15.59%
Wisconsin	39.56%	10.29%

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