

Construction resurgence

Contractors, back on the job, looking for loan and tax credit options

By JULIANNE MOSHER

When COVID-19 hit the U.S. almost six months ago, businesses across Long Island had to shut their doors indefinitely. Real estate sales temporarily stopped, restaurants reimaged their spaces and construction projects were put on hold.

Now, as September nears, paused construction projects have restarted and many contractors have already gone back to work.

Michael Ceschini, managing member at Ceschini CPAs, focuses on serving local and national construction and real estate firms. He said that despite the economic unrest that has been 2020, he is seeing many of his clients succeed due to the fact that contracts were finalized well before the Coronavirus' takeover.

"It's been a pretty good year for our clients," Ceschini said.

Construction jobs on Long Island increased significantly from May to June, rising 19 percent in Nassau and Suffolk counties, from 65,400 in May to 78,000 in June, according to the Associated General Contractors of America.

Regionally, construction employment in New York City increased 22 percent from May to June, adding 22,100 construction jobs. Both figures represent significant drops in construction jobs year over year since 2019. Those losses are blamed on the pandemic.

The rest of this year seems encouraging for the construction industry, but 2021 remains up in the air – as many other businesses struggle with that same concern.

"If the economy goes down, hopefully we're on the better side of it," he said. "But if the economy shrinks, construction jobs are large-dollar jobs."

Many of Ceschini's clients applied for the federal "Paycheck Protection Program (PPP) loans when they first were announced. Now, many clients are inquiring about other government-funded loans and tax incentives.

The Federal Reserve opted to help smaller businesses stay open with the Main Street Lending Program, another big government program that opted to help businesses large and small stay open during the pandemic.

Sam Pizzichillo, senior manager at Mazars USA, said that this type of loan has intrigued many of his clients, especially ones within the manufacturing and distribution industries.

"More and more clients are interested in it," he said. "Since they're administered by the bank, money is due back in five years and gives you time to pay them back."

But these loans are only available to



AP Photo/Mark Lennihan

Contractors are back to work all over New York, including this project in Manhattan. Experts say there are loans available to help them thrive.



MICHAEL CESCHINI

those business owners who did not receive funding from the PPP, and many small mom and pops are ineligible for the Main Street Lending Program if they do not fit the qualifications.

Ceschini said that his clients are not as interested in the Main Street Lending, whereas PPP "certainly helped these companies out."

He added that the Economic Injury Disaster Loan (EIDL) has also been an option for his clients. These loans are designed to provide economic relief to businesses that are experiencing a temporary loss of revenue.

"It's a favorable loan because you can



SAM PIZZICHILLO

pay it back over 30 years," he said. "It's an easy application processes and are often responded to within 10 or so days."

And that's just a few loans to name that businesses are looking into. Another option, especially for contractors, is the Employee Retention Credit. It entitles eligible employers to take a 50% credit against their employment taxes on up to \$10,000 of wagers per employee for a maximum credit of \$5,000 per employee. This is significant for contractors, many of whom have large payrolls, experts say.

According to the IRS, employers can get immediate access to the credit by reducing employment tax deposits they are other-

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wise required to make. Also, if the employer's employment tax deposits are not sufficient to cover the credit, the employer may get an advance payment from the IRS.

"For each employee, wages (including certain health plan costs) up to \$10,000 can be counted to determine the amount of the 50% credit," according to IRS documents. "Because this credit can apply to wages already paid after March 12, 2020, many struggling employers can get access to this credit by reducing upcoming deposits or requesting an advance credit."

Slowly, other businesses are opening, including restaurants, hair and nail salons and shopping malls. The latest reopening of gyms and fitness centers happening just this week. Many survived because they applied for federal and state relief, including the PPP loan, which can be forgiven.

Experts agree that being diligent about researching the available loans are a key component of survival.

"Do research on the different programs and talk to your bank, and other banks," Pizzichillo said. "Research through the Federal Reserve and do your due diligence."