

## CARES Act Summary

*(Subject to Change if House of Representatives Amends the Legislation)*

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# Unemployment/Paid Leave

## Unemployment Assistance

- Expands Unemployment Insurance (UI) to encompass those who are furloughed, laid off, partially employed, or cannot get to work because of the COVID-19 crisis.
- Pandemic Unemployment Assistance will cover those not traditionally eligible for unemployment benefits (self-employed, independent contractors, those with limited work history, and others) who are unable to work as a direct result of the coronavirus public health emergency.
- An additional \$600 per week payment will be given to each recipient of unemployment insurance or Pandemic Unemployment Assistance for up to four months.
- Employees with hours reduced are eligible for pro-rated, “short-time” compensation.
- Program available through December 31, 2020.

## Paid Leave

- Paid Leave is required of companies with fewer than 500 employees. A company with 50 or less employees may apply for an exemption.
- Employers will receive a refundable tax credit equal to 100% of qualified paid sick, family, medical leave wages for each calendar quarter.
  - Two weeks (up to 80 hours) of **paid sick leave** at the employee’s regular rate of pay where the employee is unable to work because the employee is quarantined (pursuant to Federal, State, or local government order or advice of a health care provider), and/or experiencing COVID-19 symptoms and seeking a medical diagnosis; or
  - Two weeks (up to 80 hours) of **paid sick leave** at 2/3 the employee’s regular rate of pay because the employee is unable to work because of a need to care for an individual subject to quarantine (pursuant to Federal, State, or local government order or advice of a health care provider), or

care for a child (under 18 years of age) whose school or child care provider is closed or unavailable for reasons related to COVID-19, and/or the employee is experiencing a substantially similar condition as specified by the Secretary of Health and Human Services, in consultation with the Secretaries of the Treasury and Labor.

- Up to an additional 10 weeks of paid expanded **family and medical leave** at 2/3 the employee's regular rate of pay where an employee is unable to work due to a need for leave to care for a child whose school or child care provider is closed or unavailable for reasons related to COVID-19.
- Employees are eligible if they've been employed for at least 30 days

## Tax Relief

- Provides \$1,200 checks (\$2400 for couples, with a \$500 increase per child). Payments are reduced as the individual/head-of-household income increases.
- Establishes an employee retention credit for employers who are subjected to closures due to COVID-19. The credit is against employment taxes for each quarter up to 50% of each employee's qualified wages. This cannot double dip with paid leave benefits. It is capped at \$10,000 per employee.
- Tax filing deadline is extended to July 15th.
- Waives the 10% early withdrawal penalty up to for qualified retirement accounts up to \$100,000 for "corona related purposes". These funds can be repaid to the account during a 3-year period.
- Encourages Americans to contribute to churches and charitable organizations in 2020 by permitting them to deduct up to \$300 of cash contributions, whether they itemize their deductions or not.
- Allows employers to provide a student loan repayment benefit to employees on a tax-free basis, so long as that contribution doesn't exceed \$5,250 annually.

- Defers employer's payment of their share of payroll to January 1, 2021, with a 2 year timeframe for repayment.
- Allows a loss from 2018, 2019, 2020 to be carried back 5 years. Net operating losses can also offset income.
- Accelerates the ability for companies to recover Alternative Minimum Tax (AMT) credits now.
- Temporarily removes excise tax for the production of alcohol used to produce hand sanitizer by the distilled spirits industry
- Temporary increases the amount of interest expenses businesses are allowed to deduct, from 30% to 50% for income for 2019 to 2020.
- Allow employees to receive an advance of tax credits from Treasury instead of having to be reimbursed on the backend by the paid leave credit.

## State and Local Government Help

- \$150 billion to supplement state and local government budgets
- Each state will receive a \$1.25 billion payment for Coronavirus related assistance.
  - All funding must be 100% coronavirus-related—if not, they will need to return funds to Treasury.
- If additional funding is needed, Treasury has the discretion to give more to states.
- Governors will make payments to all cities with population less than 500,000. Cities with greater than 500,000 will receive funding directly from Treasury.

# Small Business Protections

## **SBA Economic Injury Disaster Loan (EIDL):**

- **Eligibility:** businesses with 500 employees or less, tribal businesses, cooperatives, and ESOPs with fewer than 500 employees or any individual operating as a sole proprietor or an independent contractor. Private non-profits are also eligible for both grants and EIDLs.
- **Cap:** \$2 million
- **Forgiveness:** \$10,000 cash advance, even if subsequently denied for an EIDL loan
- **Interest:** The interest rate for small businesses is 3.75% and for non-profits is 2.75%.
- **Eligible use:** May be used for providing paid sick leave to employees, maintaining payroll, meeting increased costs to obtain materials, making rent or mortgage payments, and repaying obligations that cannot be met due to revenue losses.
- **Eligibility Certification:** EIDL loan approval is based solely on an applicant's credit score, or use an alternative appropriate alternative method for determining applicant's ability to repay.

## **SBA 7(a) Loan:**

- **Eligibility:** small business, nonprofit organization (501(c)(3), veterans' organizations (501(c)(19), or tribal business, which employs less than 500 employees or meets size standard. Sole proprietors, independent contractors, and eligible self-employed individuals. 501(c)3s will not receive assistance if they are affiliated with a larger entity. Businesses with less than 500 employees in the hospitality and restaurant industries, franchises, and small businesses who receive financing through the Small Business Investment Company (SBIC) program.
- **Cap:** 250 percent an employer's average monthly payroll, capped at \$10 million
- **Forgiveness:** loan forgiveness is equal to the amount spent by the borrower for 8 weeks on payroll costs, interest payment on any mortgage incurred prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020, and payment on any utility for which service began before February 15,

2020. Eligible payroll costs do not include compensation above \$100,000 in wages, and allows forgiveness for additional wages paid to tipped workers. Borrowers which re-hire workers previously laid off will not be penalized for having a reduced payroll at the beginning of the period.

- **Interest:** max 4%
- **Deferment of payment:** available for six months - up to one year
- **Eligible use:** Loan can be used to pay payroll support, such as employee salaries, paid sick or medical leave, insurance premiums, and mortgage, rent, and utility payments.
- **Eligibility Certification:** borrowers must make a good faith certification that the loan is necessary due to the uncertainty of current economic conditions caused by COVID-19; they will use the funds to retain workers and maintain payroll, lease, and utility payments; and are not receiving duplicative funds for the same uses from another SBA program.

#### **Limits:**

Borrowers cannot not receive duplicative funds for the same uses from another SBA program. However, a borrower can refinance an EIDL into a 7a loan beginning on January 31, 2020 and ending on the date on which loans are made available (upon passage of this bill).

## Distressed Sectors Relief

- Provides \$500 billion to Treasury's Exchange Stabilization Fund to provide loans, loan guarantees, and other investments, distributed as follows:

Direct loans to

- passenger air carriers (up to \$25 billion in loans)
  - cargo air carriers (up to \$4 billion in loans) and
  - businesses important to maintaining national security (up to \$17 billion)
- \$454 billion, as well as any amounts available but not used for lending, for loans, loan guarantees, and investments in support of the Federal Reserve's lending facilities to eligible businesses, states, and municipalities.

## Economic Stabilization

- Allows the FDIC to re-establish a deposit guarantee program during the crisis which must terminate by Dec 31, 2020.
- Lowers the Community Bank Leverage Ratio from 9% to 8%, from the time of enactment until the end of COVID19 or December 31st, whichever earlier.
- Allows banks to modify loans through forbearance, interest rate modifications or a repayment plan without such changes being labeled as “troubled debt restructuring” (TDR) by the regulators.
- Current Expected Credit Loss (CECL) is suspended from the time of enactment until December 31<sup>st</sup>.
- Requires furnishers to report to credit bureaus information on consumer’s delinquent payments, partial payments, or forbearance on delinquent accounts from January 31, 2020 and ending 120 days after enactment (or 120 after declaration is terminated) as “current.”
- Homeowners with a VA, USDA, FHA mortgage may request a 180-day forbearance (and up to an additional 180 days) by their loan servicer if they attest they’ve had a financial hardship resulting from COVID-19.
- Places a 120-day moratorium on evictions at properties that participate assisted in any way by HUD, Fannie Mae, Freddie Mac, the rural housing voucher program, and the VOWA housing program.

## Testing for Coronavirus

- Testing for COVID-19 is to be covered by private insurance plans without cost sharing and at no cost to the patient.

## Emergency Supplemental Appropriations

- There is \$339.855 billion in emergency supplemental appropriations to aid Americans during the coronavirus crisis—it funds the emergency response for government agencies.

- More than 80% (\$274.231 billion) of the total funding provided in the emergency supplemental appropriations of the package will go directly to state and local governments.

### **Major Funding Allocations (this is only a portion):**

- \$117 Billion for Hospitals and Veterans Health Care
  - For health care providers, there is \$100 billion which can be used as reimbursement or grants to prevent, prepare for, and respond to coronavirus. It can also be used for lost revenues.
- \$45 Billion for the FEMA Disaster Relief Fund
- \$16 Billion for the Strategic National Stockpile
- \$4.3 Billion for the Centers for Disease Control
- \$11 Billion for Vaccines, Therapeutics, Diagnostics, & Other Medical Needs
- Election Security Grants – \$400 million to the Election Assistance Commission to provide grants to the States in response to the coronavirus for the 2020 election cycle.
- FCC Telehealth Initiatives – \$200 million for the Federal Communications Commission to support the efforts of health care providers to address coronavirus by providing telecommunications services, information services, and devices necessary to enable the provision of telehealth services.

### **Louisiana Priorities**

- Financial Assistance To Fishery Participants – \$300 million to provide direct financial assistance to all manner of fishers, fishery participants, and communities that have been affected by the coronavirus.
- SBA Disaster Loans – \$562 million for administrative expenses and program subsidy for the SBA Disaster Loans Program.
- Department of Justice Grants, Byrne JAG—\$850 million to assist state and local law enforcement officers in responding to coronavirus. These funds will go

directly to state and local governments, with no match required, and will support criminal justice needs related to coronavirus, including overtime, personal protective equipment and supplies; and medical needs and other supplies for inmates in state, local, and tribal prisons, jails, and detention centers.

- USDA Food Safety and Inspection Service – \$33 million to support staffing and overtime expenses for Food Safety Inspection Service inspectors at federally inspected slaughter facilities.
- NASA Safety, Security, and Mission Support – \$60 million to support NASA with resources for operational adjustments associated with mission delays caused by NASA center closures related to coronavirus.
- U.S. Army Corps of Engineers – \$70 million to support emergency operations in Corps districts to continue working on projects across the country related to coronavirus prevention, preparation, and response. Includes expenses related to teleworking to keep the Corps running.