



# WAYS AND MEANS

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### What's in the Senate's Coronavirus Bill

*Tax, Health, Unemployment, and Protecting Americans' Livelihoods*

While some provisions may be amended as the Senate negotiates on a compromise, this is what we're seeing as of Sunday, March 22. While this is subject to change, many of these provisions may remain in the final compromise legislation.

## TAX

**Topline:** Workers, families, and small businesses are being put first in the Senate's "CARES" bill, which serves as the third phase of the legislative response to the coronavirus pandemic.

### **Key Facts:**

- **Money for American families.** This comes in the form of a one-time tax rebate check of \$1,200 per individual and \$500 per child. These amounts are not reduced for lower income Americans but are reduced for higher income earners, starting at \$75,000 for individuals, \$112,500 for head of household, and \$150,000 for married couples.
- **Loosens Rules on Retirement Accounts.** Older Americans that are subject to mandatory minimum distributions from their retirement accounts would be able to keep their capital invested instead of being forced to cash out to draw on that capital without penalty, which would be suspended for 2020. Similarly, the bill also waives the 10% penalty on coronavirus-related early distributions from 401(k)s and IRAs, which applies to distributions made at any time during 2020.
- **Delays Payroll Tax Payments for Employers:** Employers would be able to delay the payment of their 2020 payroll taxes until 2021 and 2022, leading to approximately \$300 billion of extra cash flow for businesses.
- **Restores Supports for Businesses Suffering Losses:** The bill also allows businesses to carry back losses from 2018, 2019, and 2020 to the previous 5 years, which will allow businesses access to immediate tax refunds.
- **Encourages Businesses to Invest in Improvements:** The bill would fix cost recovery for investments in Qualified Improvement Properties, which will allow businesses to immediately expense these investments.

**The Details:** Eligibility for checks from the IRS will be based on 2018 and 2019 returns, and for Social Security beneficiaries (retirement and disability), they will use information from the Social Security Administration.

# **HEALTH**

**Topline:** The CARES Act invests in health care providers, expands access to care, provides greater certainty, and removes limitations employers and individuals are facing on their HSA-eligible plans.

## **Key Facts:**

- **Treatment for COVID-19 Patients is a Priority:** The bill invests in hospitals, physicians and other providers by delaying the sequester, putting money into providers' pockets fast, and pays more for the treatment of COVID-19 patients.
  - The add on payment is more generous than earlier drafts: 20 percent, as compared to 15 percent in the first draft.
  - An accompanying appropriations title will include more money for states, hospitals, physicians and other providers.
- **Unleashes the Full Might of America's Health Care Sector:** The bill contains a significant expansion of telehealth by allowing patients to see doctors with whom they don't already have a relationship, connecting folks on home dialysis with providers, and allowing federally qualified health centers and rural health centers to participate.
  - The bill also expands telehealth services for home health and hospice.
  - Overburdened physicians need relief, so nurse practitioners and physicians' assistants will be able to prescribe home health services.
  - Finally, the bill makes it easier for post-acute facilities to be fully utilized during this crisis.
- **Eliminates Red Tape for Employers and Individuals:** The bill ensures that Americans are able to use all tax-favored health care accounts, like HSAs and FSAs, to buy over-the-counter medicines tax-free without a prescription. In addition, high deductible health care plans with HSAs will now be able to provide coverage pre-deductible for telehealth services.

**The Details:** Patients who need care should be able to receive care, especially those seniors who need to be able to communicate with their providers in the lowest risk setting possible. Easing the rules that permit access to telehealth and increasing provider capacity would help maintain continuity of care and free up time and inpatient resources to treat coronavirus patients.

# UNEMPLOYMENT

**Topline:** Provides much-needed support for American workers by significantly expanding the size and scope of unemployment benefits, including relief for workers who are self-employed, as well as independent contractors.

## **Key Facts:**

- **About \$250 billion to Expand Unemployment Benefits:** The Senate economic relief package provides much-needed support for workers by making a significant investment.
- **Unemployment Benefits for More Americans:** The bill will make sure self-employed and independent contractors like Uber drivers and gig workers can receive unemployment.
- **More Money for a Longer Period for More Workers:** It also makes benefits more generous by adding \$600 per week on top of what the state normally pays in unemployment and provides an additional 13 weeks of benefits. And provisions will ensure state and local governments and non-profits can pay unemployment to their employees.
- **Temporary Provisions:** Most of the unemployment provisions go through the end of 2020, in recognition of the temporary nature of this challenge.

**The Details:** State unemployment offices are experiencing an unprecedented spike in claims. Texas had more than 37,000 unemployment claims in just the first two weeks of March, compared to just 3,100 claims in the week prior. This would make a tremendous difference for keeping workers afloat.

# **HELPING SMALL BUSINESS**

**Topline:** A strong “paycheck protection” program means small businesses have an incentive to keep employees on payroll. The bill also offers extensive debt relief and a statutory requirement that the Small Business Administration enact these programs with regulations no later than 15 days after the Act is signed into law.

## **Key Facts:**

- **Paycheck Protection: Forgiveness For Small Business Loans for Keeping Employees:** The bill creates a “paycheck protection program” for small employers, self-employed individuals, and “gig economy” workers, with \$350 billion to help prevent workers from losing their jobs and small businesses from going under due to economic losses caused by the COVID-19 pandemic. The “Paycheck Protection Program” would provide 8 weeks of cash-flow assistance through 100 percent federally guaranteed loans to small employers who maintain their payroll during this emergency. If the employer maintains payroll, the portion of the loans used for covered payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven, which would help workers to remain employed and affected small businesses and our economy to recover quickly from this crisis. This proposal would be retroactive to February 15, 2020, to help bring workers who may have already been laid off back onto payrolls.
- **Small Business Contractors Also Get Protection:** Federal agencies would be required to extend contract performance periods and promptly pay small business contractors Small business contractors impacted by COVID-19.
- **Debt Relief:** For six months, SBA is required to pay all principal, interest and fees on all existing SBA loan products including 7(a), Community Advantage, 504, and Microloan programs for six months.
- **Timely:** The bill requires that SBA enact these programs with regulations no later than 15 days after the Act is signed into law.

**The Details:** Providing more cash flow to businesses and incentives to keep employees on payroll is a much-needed life-support program for the economy.

# **PROTECTING AMERICANS' LIVELIHOODS**

**Topline:** The Senate's bill pumps a total of \$500 billion in emergency relief to distressed businesses, as well as state and municipalities, provides flexibility for local businesses to team up with local banks, and places commonsense safeguards against abuse.

## **Key Facts:**

- **Unleashes the Fed's Tools to Provide Liquidity: \$425 billion** for loans, loan guarantees, and investments in support of facilities established by the Fed under 13(3) authority for purpose of providing liquidity to businesses, states, or municipalities through purchasing obligations or other interests directly from issuers of such obligations or other interests.
- **Loans, Not Bailouts, for Major Industry:** Direct lending to the following: **\$50 billion** for passenger airlines, **\$8 billion** for cargo airlines, and **\$17 billion** for businesses critical to "maintaining national security."
- **Protecting Workers, Not Boosting Executive Compensation:** Employee and executive total compensation may not exceed \$425,000, stock buybacks are prohibited during the duration of the loan, and borrowers must maintain exiting payroll as of March 13
- **Giving Businesses and Banks Flexibility to Work Together:** The bill cuts red tape to ensure that banks have room to provide the resources businesses need.

**The Details:** Workers need to be able to return to their livelihoods once this crisis is over. The Senate's bill ensures that loans will be made available to key industries with strong taxpayer protections, and ensures that businesses will have access to the resources they need from local banks.