



### Summary of Key Provisions of the CARES ACT (H.R. 748)/Phase 3

*\*Note: the following summary is based on information provided to the SC Chamber as of 3/25/20 at 3:00pm*

#### *Individuals*

- \$1,200 onetime checks for all individuals with a Social Security number who earned \$75,000 or less in 2018. Families who earned \$150,000 or less in 2018 will receive \$2,400 plus \$500 per child. The rebate amount is reduced by \$5 for each \$100 that a taxpayer's income exceeds the phase-out threshold. The amount is completely phased-out for single filers with incomes exceeding \$99,000, \$146,500 for head of household filers with one child, and \$198,000 for joint filers with no children.
- Waives the required minimum distribution rules for certain defined contribution plans and IRAs for calendar year 2020.

#### *Unemployment Benefits*

- Expansion of unemployment benefits to those not traditionally covered under unemployment benefits (self-employed, independent contractors, those with limited work history, and others). The bill would also add \$600 a week to unemployment benefits on top of what is already given for 4 months.
- Provides funding to pay the cost of the first week of unemployment benefits through December 31, 2020 for states that choose to pay recipients as soon as they become unemployed instead of waiting one week before the individual is eligible to receive benefits.
- Provides an additional 13 weeks of unemployment benefits through December 31, 2020 to help those who remain unemployed after weeks of state unemployment benefits are no longer available.
- \$100 million in grants to states that enact "short-time compensation". "Short-time compensation" programs, are where employers reduce employee hours instead of laying off workers and the employees with reduced hours receive a pro-rated unemployment benefit. This provision would pay 100 percent of the costs they incur in providing this short-time compensation through December 31, 2020.

#### *Small Businesses (under 500 employees)*

- \$350 billion in potentially forgivable 7 (a) loans to small businesses and non-profits (under 500 employees). Loans amounts will be determined by taking the businesses' average payroll before COVID-19 multiplied by 2.5, to max out at \$10 million per business.
- Increases the government guarantee of 7(a) loans to 100 percent through December 31, 2020, at which point guarantee percentages will return to 75 percent for loans exceeding \$150,000 and 85 percent for loans equal to or less than \$150,000.
- \$10 billion grant program for emergency cash from the Small Business Administration for up to \$10,000 per company that will be distributed within three days of approval.
- \$17 billion in relief for existing 7 (a) loans and 504 loans for the next 6 months.

#### *Larger Businesses (over 500 employees)*

- \$500 billion in corporate aid loans. An inspector general and oversight board will monitor these loans. \$46 billion of that \$500 billion will be spend on:
  - \$25 billion for U.S. airlines
  - \$4 billion for air cargo carriers
  - \$17 billion for distressed companies related to critical national security

#### *Healthcare*

- \$340 billion for health care
  - \$117 Billion for Hospitals and Veterans Health Care
  - \$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.

#### *Tax Credits*

- Provides a refundable payroll tax credit for 50 percent of wages (up to \$10,000) paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19related shut-down order, or (2) gross receipts declined by more than 50 percent when compared to the same quarter in the prior year.
- Net operating losses (NOL) are currently subject to a taxable-income limitation, and they cannot be carried back to reduce income in a prior tax year. The provision provides that an NOL arising in a tax year beginning in 2018, 2019, or 2020 can be carried back five years
- Temporarily increases the amount of interest expense businesses are allowed to deduct on their tax returns, by increasing the 30-percent limitation to 50 percent of taxable income (with adjustments) for 2019 and 2020.
- Waives the federal excise tax on any distilled spirits used for or contained in hand sanitizer that is produced and distributed in a manner consistent with guidance issued by the Food and Drug Administration and is effective for calendar year 2020.
- Allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees

#### *Additional Items*

- \$9.5 billion in emergency COVID-19 response funding to support agricultural producers impacted by COVID-19, including producers of specialty crops, producers that supply local food systems, and livestock producers
- \$25 billion for USDA/ Food and Nutrition Services
- \$150 billion to be send to state and local governments to deal with the mounting costs of COVID-19.
- \$10billion of borrowing authority for the USPS to respond to effects of coronavirus while preserving the authority of the Treasury to set the terms of the loan
- Provides local workforce boards with additional flexibility to use funds received under the Workforce Innovation and Opportunity Act for administrative costs, including for online resources. Allows Governors to utilize reserved workforce funds on rapid response activities in response to COVID-19.
- Prohibits foreclosures on all federally-backed mortgage loans for a 60-day period beginning on March 18, 2020. Provides up to 180 days of forbearance for borrowers of a federally-backed mortgage loan who have experienced a financial hardship related to the COVID-19 emergency.
- Provides up to 90 days of forbearance for multifamily borrowers with a federally backed multifamily mortgage loan who have experienced a financial hardship. Borrowers receiving forbearance may not evict or charge late fees to tenants for the duration of the forbearance period.