

## ***Policy Resolution Group COVID-19 Legislative Update***

***December 21, 2020***

### **Liam's Bottom Line: The Waiting is the Hardest Part**

A deal was cut, and now we wait as Congress races to put the finishing touches on a massive legislative Christmas tree of government funding, COVID relief, and a slew of authorization bills. While the terms of the broader deal are generally clear, the process of turning such a sweeping agreement into text is rife with its own set of challenges, disagreements, and small-scale knife fights among staff. Pulling this together in short order will be an achievement in itself, and we should not be surprised if the release continues to slip by a few hours or if the process bleeds into Tuesday. The bottom line is that we will get a \$2 trillion plus bill this week, and the President will sign it into law.

### **Process Going Forward**

A deal was agreed to in general terms, but legislative text is still being written. When text finally does materialize, it will be followed swiftly by a meeting of the House Rules committee, which as of this writing has not been noticed or scheduled. The rule itself is expected include a 7-day continuing resolution, which, once debated and passed, will give Congress the time to pass and ultimately enroll the bill before sending it to the Resolute Desk. We expect leadership to allow several hours between release of text and a vote on final passage to allow members to read and debate the package.

With that in mind, it is increasingly likely that House consideration will be pushed until sometime tonight, with Senate action slipping into the wee hours of Tuesday at the earliest. Recall that the upper chamber will require significant cooperation to move swiftly, though Christmas break is a compelling motivator even for the upper chamber's most committed gadflies.

### **What's in the Deal?**

Senate Majority Leader Mitch McConnell [announced](#) Sunday evening that negotiators had finalized a \$900 billion coronavirus aid package, after breaking a multi-day stalemate over the Federal Reserve's lending powers. Senate Minority Leader Chuck Schumer hatched a deal late Saturday with Sen. Pat Toomey (R-PA) over the GOP's demand to wind down these lending programs established by the relief bill passed in March. The GOP summary of the deal indicated that their negotiators had removed this authority "to ensure that Democrats cannot use these funds to bail out poorly managed blue states". House Speaker Nancy Pelosi and Schumer issued a [statement](#) Sunday evening indicated that "the final agreement does not include several dangerous Republican proposals" and is the "the second largest [package] in history."

Speaker Nancy Pelosi repeatedly said Democrats would immediately pursue another bill when Joe Biden is sworn in as president. With that in mind, it is important to remember that an employer liability shield and aid to state and local governments were left out of this deal after negotiators concluded they could not reach an agreement on the issues. Here's what made it in:

**Direct relief for individuals: \$286 billion**

- \$300/week in Federal Pandemic Unemployment Compensation (FPUC) through March 14, 2021 and extension of the Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC) programs
- Direct checks of \$600 for individuals making up to \$75,000, checks of \$1,200 for couples making up to \$150,000, and \$600 for each child dependent

**Small business support: \$325 billion**

- Extends and expands the Paycheck Protection Program (PPP) for small businesses by providing an additional \$284 billion for forgivable loans:
  - Provides "second draw" for small businesses and non-profits with 300 or fewer employees that can demonstrate a loss of 25% of gross receipts in any quarter during 2020 when compared to the same quarter in 2019 totaling 2.5 times the average monthly payroll up to \$2 million
  - Allows for small businesses in the restaurant and hospitality industries to receive larger awards of 3.5 times average total monthly payroll, rather than 2.5 times
  - Expands PPP eligibility for more critical access hospitals, local newspapers and TV and radio broadcasters, housing cooperatives, and 501(c)(6) nonprofits, including tourism promotion organizations and local chambers of commerce (eligible only if federal lobbying comprises less than 15% of activities)
  - PPP loans will not be included in taxable income, and deductions are allowed for expenses paid with proceeds of a forgiven PPP loan with no restrictions
  - \$20 billion is included for new Economic Injury Disaster Loan (EIDL) Grants for businesses in low-income communities
  - \$15 billion in funding for community development financial institutions (CDFIs) and the creation of a new Neighborhood Capital Investment program
  - \$15 billion in funding for entertainment venues, movie theaters, and museums that are experiencing significant revenue loss
  - \$3.5 billion for continued SBA debt relief payments and \$2 billion for enhancements to SBA lending.
- Rescinds \$429 billion in unused funds provided by the CARES Act for the Federal Reserve's emergency lending facilities and terminates these facilities

**Healthcare: \$63 billion**

- Vaccine funding, including \$20 billion to BARDA for procurement of vaccines and therapeutics, \$9 billion to the CDC and states for vaccine distribution and \$3 billion for the strategic national stockpile, including \$300 million specifically directed to high risk and underserved areas for distribution
- \$22 billion, all sent directly to states, for testing, tracing and COVID mitigation programs.
- Additional healthcare funding – \$4.5 billion in mental health funding, \$9 billion in support for health care providers, \$1 billion for NIH to research COVID-19, and \$1 billion in direct funds to the Indian Health Service

**Education, childcare, and broadband: \$99 billion**

- \$82 billion in funding for schools and universities
- \$10 billion for grants to childcare centers to help providers safely reopen
- \$7 billion in broadband funding that includes

- Nearly \$2 billion to replace foreign manufactured broadband equipment that poses national security threats
- \$300 million to build out rural broadband
- \$250 million for telehealth

**Housing and nutrition: \$51 billion**

- \$13 billion to increase SNAP benefits by 15% for six months, including \$614 million for nutrition assistance for Puerto Rico and the territories
- \$25 billion in temporary and targeted rental assistance extension of the eviction moratorium until January 31, 2021
- Provides funding for the Commodity Supplemental Food Program, a program that serves over 700,000 older Americans monthly
- \$13 billion to support our farmers and agriculture sector
  - Enhances assistance under the Coronavirus Food Assistance Program (CFAP) to support specialty crop, non-specialty crop, livestock, dairy, and poultry producers
  - Gives discretionary authority to the Secretary to support producers of biofuels, producers of organics or value-added products, and timber harvesting and hauling businesses

**Transportation: \$45 billion**

- \$45 billion in transportation funding, including \$15 billion for airline payroll support, \$1 billion for airline contractor payrolls, \$14 billion for transit, \$10 billion for state highways, \$2 billion for airports and airport concessionaires, \$2 billion for the private motorcoach, school bus, and ferry industries, and \$1 billion for Amtrak.

**Tax: \$30 billion**

- Extends and expands the refundable Employee Retention Tax Credit (ERTC) through July 1, 2021 including:
  - increasing the credit rate, from 50% to 70%;
  - Raises the limit on per-employee creditable wages from \$10,000 for the year to \$10,000 for each quarter;
  - Expands eligibility for the credit by reducing the required year-over-year decline in gross receipts from 50% to 20%; and
  - Modifies the threshold for treatment as a 'large employer' by increasing the 100-employee delineation for determining the relevant qualified wage base to employers with 500 or fewer employees.
- Reinstates 100% business meals deduction through 2022
- "Lookback" provision allowing lower-income individuals to use their earned income from tax year 2019 to determine the Earned Income Tax Credit and the refundable portion of the Child Tax Credit
- extends the refundable payroll tax credits for paid sick and family leave, including allowing self-employed individuals to use their average daily self-employment income from 2019, rather than 2020, for purposes of computing these credits
- one-year extension of the \$300 above-the-line-deduction for charitable giving and increasing the amount for 2021 that married couples filing jointly can deduct from \$300 to \$600