

CARES Act – Federal Coronavirus Relief Package

Issue Summary

Congress has already passed two pieces of legislation providing over \$100 billion of relief to the healthcare system and workers. The CARES (Coronavirus Aid, Relief and Economic Security) Act is the third phase of Congressional relief. Estimates put this total package around \$2 trillion, which will address numerous areas of the economy affected by the COVID-19 outbreak.

For Businesses

Businesses and targeted economic sectors will see the following:

- Appropriates **\$300 billion** for the [Small Business Administration Paycheck Protection Program 7\(a\) loans](#). The SBA will increase its government guarantee to 100%, remove all fees and increase the maximum loan amount to \$10 million (can be used for payroll, employee leave, insurance premiums, debt payments). The loan may be forgiven if used on payroll, mortgage/lease or utility payments.
- Appropriates **\$10 billion** for the Small Business Administration Economic Injury Disaster Loan (EIDL) program to offer advance payments to applicants of up to \$10,000. Eligible entities include startups, co-ops, ESOPs, sole proprietors and independent contractors.
- Businesses can delay Social Security payments through 2020. The delayed amounts must be paid in half by the end of 2020 and in full by end of 2022.
- Net Operating Losses from 2018, 2019 or 2020 can be carried back five years. Businesses can amend their prior returns and receive refunds for overpayments.
- The business interest expense deduction will be increase from 30% of taxable income to 50%, reducing tax liability for businesses seeking increased liquidity through credit.
- Businesses can immediately write off costs associated with improving facilities rather than depreciating over a 39-year period (primarily targeted for hospitality and retail sectors).
- The Treasury Department will provide **\$500 billion** in direct lending, distributed by the following:
 - **\$50 billion** for passenger air carriers
 - **\$8 billion** for cargo air carriers
 - **\$17 billion** for businesses vital to national security
 - **\$425 billion** for loans, loan guarantees and investments to eligible businesses, states and municipalities.
- There will be **\$130 billion** for hospitals. (UNCONFIRMED)

For Governments

State and local governments will see the following:

- Federal assistance to pay states for half of the costs from unemployment benefits.
- Federal assistance to pay states for half of the costs from “short-time compensation,” where employers reduce hours rather than laying staff off.
- Eligibility for direct lending to states and municipalities (see above).
- There will be **\$150 billion** for state and local stimulus funds. (UNCONFIRMED)

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For Individuals and Workers

Individuals and workers will see the following:

- Creates a temporary Pandemic Unemployment Assistance program to provide unemployment compensation for affected individuals who are self-employed, independent contractors and others (commonly referred to as 1099 workers).
- Unemployment compensation benefits will be increased by \$600 per week for up to three months.
- Unemployment benefits will be extended through the end of the year by an additional 13 weeks after state unemployment benefits expire.
- Direct, one-time payments from the federal government of up to \$1,200 for individuals, \$2,400 for married couples and an additional \$500 per child. These will be based on 2018 or 2019 tax returns, whichever the IRS has on file. These payments are income-adjusted for higher earners.

Issue Status

There is an agreement in place that the US Senate is expected to take up the afternoon of Wednesday, March 25. From there, the process is unclear, as the House of Representatives is not currently in session. The House could pass the bill by unanimous consent, but that can be prevented if a single congressperson has an objection to the proposal. If that happens, the Speaker would need to call the House back into session and bring representatives to Washington to take up a vote.

Other Information/Notes

Last Updated: March 25, 2020 – MK