



The House of Representatives is widely expected to pass a third stimulus package aimed at reducing the burden of the coronavirus pandemic, following the passage of the bill by a 96-0 vote in the Senate. The stimulus package accounts for over \$2 trillion in spending and 10% in U.S. Gross Domestic Product (GDP). The President is expected to sign the bill into law as soon as possible.

Full bill text can be found [here](#).

A section-by-section summary compiled by Senate staff can be seen [here](#).

Content Highlights:

- Small Business "Paycheck Protection Program"
- Changes to the Small Business Administration's (SBA) Economic Injury Disaster Loans (EIDL's)
- Loan and Credit Programs
- Business Tax Credits
- Paid Leave Program Alterations
- Direct Appropriations Measures

Direct appropriations measure highlights:

- \$15.8 billion in mandatory funding for the Supplemental Nutrition Assistance Program, formerly called food stamps, of which \$100 million would be used for food distribution on American Indian reservations.
 - \$9.5 billion for the Office of the Secretary to provide aid to agricultural producers affected by the virus.
 - \$8.8 billion for child nutrition programs.
 - \$450 million for the Emergency Food Assistance Program (TEFAP), of which \$150 million could be used for costs associated with distribution.
 - \$562 million for Small Business Administration disaster loans.
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- **U.S. Department of Agriculture (USDA)/Office of the Secretary** – \$9.5 billion
 - The bill provides \$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.

- **USDA Agricultural Marketing Service** – \$45 million
 - The bill provides an additional \$45 million to cover salary expenses to offset the decrease in user fee revenue caused by business disruptions.
- **USDA Food Safety and Inspection Service** – \$33 million
 - The bill provides \$33 million to support staffing and overtime expenses for Food Safety Inspection Service inspectors at federally inspected slaughter facilities.
- **USDA Food and Nutrition Service** – \$25.06 billion
- **Child Nutrition Programs** – \$8.8 billion
 - The bill provides additional funding for food purchases and demonstration projects to increase flexibility for schools.
- **Supplemental Nutrition Assistance Program (SNAP)** – \$15.51 billion
 - The bill provides additional funding for SNAP to cover waiver authorities granted in H.R. 6201 and anticipated increases in participation as a result of coronavirus.
- **The Emergency Food Assistance Program** – \$450 million
 - The bill provides additional funding for commodities and distribution of emergency food assistance through community partners, including food banks.
- **Food and Drug Administration** – \$80 million
 - The bill provides additional funding to support the development of necessary medical countermeasures and vaccines, advance domestic manufacturing for medical products, and monitor medical product supply chains.
- **Small Business Administration (SBA)**– \$562 million
- **Disaster Loans Program Account** – \$562 million.
 - The bill provides \$562,000,000 for administrative expenses and program subsidy for the SBA Disaster Loans Program.
- **Federal Emergency Management Administration (FEMA)** – \$45.4 billion
 - Includes \$45 billion to continue FEMA’s entire suite of response and recovery activities and reimbursements provided to states and localities nationwide by the Disaster Relief Fund for emergency and major disaster declarations, as well as funding for FEMA facilities and information technology required to support FEMA’s lead role in coordinating federal response activities. The bill also includes \$400

million for grants that can be disbursed in a timely manner for firefighters, emergency managers, and providers of emergency food and shelter.

- **Administration for Children and Families** - \$6.3 billion
- **Child Care and Development Block Grant** - \$3.5 billion
 - Grants to states for immediate assistance to child care providers to prevent them from going out of business and to otherwise support child care for families, including for healthcare workers, first responders, and others playing critical roles during this crisis.
- **Department of Transportation** – \$31.1 billion
 - Federal Highway Administration – Language to clarify that states can issue special permits for overweight vehicles and loads to allow for the free flow of critical relief supplies during the current coronavirus epidemic for the duration of the fiscal year.

Key Provisions:

Paycheck Protection Program

New \$349 billion lending program, modeled on existing SBA 7(a) program, with 100% government guarantee (as opposed to 75% guarantee for 7(a) loans).

Loan terms for Small Businesses

- Eligibility requirements:
 - Defines eligibility for loans as a small business, 501(c)(3) nonprofit, a 501(c)(19) veteran's organization, or Tribal business concern described in section 31(b)(2)(C) of the Small Business Act with not more than 500 employees, or the applicable size standard for the industry as provided by SBA, if higher.
 - Includes sole-proprietors, independent contractors, and other self-employed individuals as eligible for loans.
 - Allow businesses with more than one physical location that employs no more than 500 employees per physical location in certain industries to be eligible and is below a gross annual receipts threshold in certain industries to be eligible.
 - Establishes the maximum 7(a) loan amount to \$10 million through December 31, 2020 and provides a formula by which the loan amount is tied to payroll costs incurred by the business to determine the size of the loan.
 - Specifies allowable uses of the loan include payroll support, such as employee salaries, paid sick or medical leave, insurance premiums, and mortgage, rent, and utility payments.

- Provides delegated authority, which is the ability for lenders to make determinations on borrower eligibility and creditworthiness without going through all of SBA's channels, to all current 7(a) lenders who make these loans to small businesses, and provides that same authority to lenders who join the program and make these loans.
- Business must have been operational on February 15, 2020, and had employees for whom it paid salaries and payroll taxes, or a paid independent contractor.
- Sets a maximum interest rate of four percent
- Maximum Loans: Generally, monthly payroll costs for 2 ½ months, not to exceed \$10 million. Payroll costs exclude compensation paid to individuals, including the selfemployed, above \$100,000 a year.
- Employer must certify loan will be used to retain workers, maintain payroll, make mortgage or lease payments, and pay utilities.
- Loan Forgiveness: The borrower shall have a portion of their loan forgiven in the amount equal to their payroll costs (not including costs for compensation above \$100,000 annually), interest payments on mortgages, rent payments, and utility payments between February 15 and June 30, 2020. Loan forgiveness will be reduced if the borrower reduces employment by a ratio similar to their reduction in employment or if borrower reduces salaries and wages by more than 25%.

Business Tax Provisions:

- Employee retention credit for employers subject to closure due to COVID-19 (permits fully refundable 50% tax credit applicable to the employer's share of payroll taxes on wages up to \$10,000 per employee; widely available with special rules for small employers)
- Delay of payment of employer payroll taxes (defer payment of the employer share of Social Security tax due between now and January 1, 2021 to December 31, 2021 (50% due) and December 31 2020 (remaining due))
- Modifications for net operating losses (for 2018, 2019 and 2020, loss can be carried back 5 years, temporarily suspends 80% limitation; extends to pass-throughs, sole proprietors)
- Accelerates ability of companies to recover AMT credits
- Modification of limitation on business interest (for 2019, 2020, increases 30% limitation to 50%)
- Technical amendment regarding qualified improvement property

Pension and Employee Benefit Requirements:

- Delay any required minimum pension contributions due in 2020 until January 1, 2021 (plus interest).
- For benefit restrictions, allow a plan sponsor to use the adjusted funding target attainment percentage for the last plan year ending before January 1, 2020 for plan years including calendar year 2020

Banking and Mortgage Relief:

- During the covered period, a borrower with a Federally backed mortgage loan experiencing a financial hardship due, directly or indirectly, to the COVID-19 emergency may request forbearance on the Federally backed mortgage loan, regardless of delinquency status.
 - Covered period is 60 days (2 months) and allowable extensions of up to 4 periods of 30 days each (4 months).
- Requires that furnishers to credit reporting agencies who agree to account forbearance, or agree to modified payments with respect to an obligation or account of a consumer that has been impacted by COVID-19, report such obligation or account as "current" or as the status reported prior to the accommodation during the period of accommodation unless the consumer becomes current.
 - Applies only to accounts for which the consumer has fulfilled requirements pursuant to the forbearance or modified payment agreement.
 - Such credit protection is available beginning January 31, 2020 and ends at the later of 120 days after enactment or 120 days after the date the national emergency declaration related to the coronavirus is terminated.

Paid Leave Program Alterations:

- Changes to the "Phase 2" Bill that was just enacted
- Paid FMLA leave under FFCRA is capped at \$200 per day and \$10k in aggregate.
- Paid sick leave under the FFCRA is capped at \$511 per day and \$5,110 in aggregate; this amount drops to \$200 per day and \$2000 in aggregate for sick leave taken to care for a family member or because of a school closure.
- Workers who are laid off after March 1 but then rehired are eligible for paid FMLA leave.
- Employers can keep money they would have deposited for payroll taxes in anticipation of refunds from the Treasury for paid sick and paid FMLA leave provided to employees, including amounts that would have been refunded.