

President Signs Unprecedented \$2 Trillion Coronavirus Stimulus Bill

By Diana Feitl

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 478), which is a \$2 trillion stimulus package in response to the impact the Coronavirus is having on the U.S. Economy.

The nearly 900-page bill is divided into two divisions: Division A - Keeping Workers Paid and Employed, Healthcare System Enhancements and Economic Stabilization and Division B - Emergency Appropriations for Coronavirus Health Response and Agency Operations.

Below is an overview of the legislation:

DIVISION A - KEEPING WORKERS PAID AND EMPLOYED, HEALTHCARE SYSTEM ENHANCEMENTS AND ECONOMIC STABILIZATION

An overview of Division A is as follows:

Title I - Keeping American Workers Paid and Employed Act: highlights of this Title include:

- Small Business Debt Relief: Provides \$17 billion to the Small Business Administration (“SBA”) to pay all principal, interest and fees on all existing SBA loan products including 7(a), community advantage, 504 and microloan programs for companies impacted by Coronavirus.
- Paycheck Protection Program: Provides \$350 billion to loan program that would provide loans for an 8-week period to assist employers to maintain their payroll. If the employer maintains its payroll then the loan will be forgiven. Qualifying employers are employers of 500 employees or less, self-employed and certain non-profits. Eligible expenses include salaries, wages, tips and insurance premiums. Loans are available up to 250 percent of an employer’s average monthly payroll with a maximum loan of up to \$10 million and are available immediately through SBA accredited lenders.
- Expansion of SBA Injury Disaster Loans: provides \$10 billion to expand the Small Business Administration’s Economic Injury Disaster Loan Program by expanding eligibility and expediting access to funding.
- For a complete summary click [here](#)

Title II – Assistance for American Workers, Families and Businesses: for a complete summary click [here](#)

Highlights of Unemployment Insurance Provisions:

- Creates a temporary Pandemic Unemployment Assistance program through December 31, 2020 to provide payment to those not traditionally eligible for unemployment benefits (self-employed, independent contractors, those with limited work history, and others) who are unable to work as a direct result of the coronavirus public health emergency.

- Provides payment to states to reimburse nonprofits, government agencies, and Indian tribes for half of the costs they incur through December 31, 2020 to pay unemployment benefits.
- Provides an additional \$600 per week payment to each recipient of unemployment insurance or Pandemic Unemployment Assistance for up to four months.

Highlights of Rebates Section

- All U.S. residents with adjusted gross income up to \$75,000 (\$150,000 married), who are not a dependent of another taxpayer and have a work eligible social security number, are eligible for a \$1,200 (\$2,400 married) rebate. In addition, they are eligible for an additional \$500 per child.
- Adjusts the charitable tax deduction to encourage more donations to nonprofits.

Highlights of Business Provisions

- The provision provides a refundable payroll tax credit for 50 percent of wages 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-19-related shut-down order, or (2) gross receipts declined by more than 50 percent when compared to the same quarter in the prior year.
- 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 for employees.
- Provides that a net operating loss arising in a tax year beginning in 2018, 2019, or 2020 can be carried back five years. The provision also temporarily removes the taxable income limitation to allow a net operating loss to fully offset income.

Title III – Supporting America’s Healthcare System in the Fight Against Coronavirus for a complete summary click [here](#)

- **Health Provisions:** addresses supply, drug and device shortages, increases testing options, expands access to telehealth for Medicare patients and provides additional funding and flexibility for hospitals.
- **Education Provisions:**
 - Requires the Secretary to defer student loan payments, principal, through September 30, 2020, without penalty to the borrower for all federally owned loans.
 - Provides the Secretary of Education with waiver authority to provide waivers from the Elementary and Secondary Education Act, except civil rights laws, that are necessary and appropriate due to the COVID-19 declaration of disaster.
 - Waives the institutional matching requirement for campus-based aid programs. Allows institutions to transfer unused work-study funds to be used for supplemental grants.
- **Labor Provisions:** Includes caps on emergency paid sick leave and emergency caregiver FMLA paid leave. View article on “[The New Families First Coronavirus Response Law](#)”; provides for eligibility for FMLA

paid leave for recently rehired employees; and, provides for advancement of the tax credit to employers for the new paid sick leave entitlements.

Title IV – Economic Stabilization and Assistance to Severely Distressed Sectors of the U.S. Economy: highlights of this title include:

- Provides \$500 billion to the U.S. Department of Treasury’s Exchange Stabilization Fund to stabilize key national industries such as the airline industry and industries important to national defense;
- Authorizes the Federal Reserve to leverage this fund and provide direct assistance to various industries, cities and states;
- Protects taxpayer by establishing strict criteria for such loans, including enough loan security; timely program termination; no loan forgiveness; a demonstration that other credit from banks is not available; employment retention; and the Federal Government’s compensation must account appropriately for risk;
- Includes strict oversight for large corporations, including the creation of an independent Inspector General and Congressional Oversight Panel.
- Provides a foreclosure moratorium and forbearance options for federally backed single family and multifamily mortgages.
- For a complete summary click [here](#)

Title V – Coronavirus Relief Fund.

The bill includes \$150 billion for a Coronavirus Relief Fund. \$139 billion is directed to states and local governments with populations over 500,000. The funds will be distributed to states using a population-based formula to determine the amount each state receives. No state will receive less than \$1.25 billion, including the direct funds sent to the larger local governments. The funds can only cover costs directly related to COVID-19 responses from March to the end of 2020. The remaining \$11 billion is directed to the District of Columbia, territories, and tribal governments.

DIVISION B - EMERGENCY APPROPRIATIONS FOR CORONAVIRUS HEALTH RESPONSE AND AGENCY OPERATIONS

Division B provides \$340 billion in emergency funding to combat Coronavirus broken down as follows: \$117 billion for hospitals and veterans’ healthcare; \$45 billion to the FEMA Disaster Relief Fund; \$16 billion to the strategic national stockpile; \$4.3 billion to the Centers for Disease Control; and \$11 billion for vaccines and other medical needs. Further, approximately 80 percent of the \$340 billion will go directly to states, local governments and communities.

For a more detailed section-by-section overview, please click [here](#)

Next Steps

In the coming weeks, the government will be disbursing money under the legislation. Given the breadth of this law and how quickly it was passed there will likely be a series of “fixes” needed by Congress in a fourth stimulus bill. Congress may also consider other stimulus related provisions such as funding for infrastructure.

Roetzel attorneys are here to guide you through these unprecedented times and answer and specific questions related to your industry. Please do not hesitate to reach out.

Lewis Adkins, Jr.

Practice Group Manager
Public Law, Regulatory and Finance
216.615.4842 | ladkins@ralaw.com

Todd Book

614.723.2010 | tbook@ralaw.com

Jason Dodson

330.849.6631 | jdodson@ralaw.com

Diana Feitl

216.615.4838 | dfeitl@ralaw.com

Daniel G. Hilson

614.723.2060 | dhilson@ralaw.com

Donald Mason

614.723.2011 | dmason@ralaw.com

Marcus Pringle

216.696.7077 | mrpringle@ralaw.com

George Sarkis

330.849.6606 | gsarkis@ralaw.com

Galen Schuerlein

216.820.4238 | gschuerlein@ralaw.com

Sherri Warner

614.723.2110 | swarner@ralaw.com