



Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

*Summary As Passed by U.S. Senate and U.S. House of Representatives – March 27, 2020
Pending signature by the President of the United States*

Note: This is the best summary available for immediate distribution to members of the Dayton Area Chamber of Commerce. This document is not perfect and there may be mistakes, as this information was gathered quickly from available sources. Additional details and clarification may be available as the legislation becomes more available. This is for information purposes only and should not be considered as official legal, HR or operations recommendations. Please consult your organization's legal counsel for impact and implementation to your specific organization.

Small Business Support (Small businesses generally defined by SBA as up to 500 employees)

- \$349 billion program to provide government guarantee on loans.
- Eligibility includes: 1) Business generally with 500 or less employees 2) Self-employed individuals/independent contractors, 3) Specific nonprofit orgs.
- Loans of no more than \$10M – capped at 250% of employer's monthly payroll. Which includes salary and benefits. Qualifying period expires at 6/30/20.
- Allowable uses included payroll support (salary, leave, insurance) mortgage, rent, and utility payments.
- Loans will be available through existing SBA-certified lenders, which includes specific Dayton area banks, credit unions and lending institutions. List of these lenders provided at DACC Coronavirus Resource Guide.
- Loans are forgivable for funds spent during 8-week period after origination in the amount equal to payroll, mortgage interest, lease, and utility. The amount forgiven will be reduced proportionally by any reduction in employees retained compared to the prior year and reduced by the reduction in pay of any employee beyond 25 percent of their prior year compensation. Formula excludes compensation over \$100K annually.
- Creates \$10 billion program for businesses that applied for Economic Injury Disaster Loans (EIDL). Allows loan advance (up to \$10K).
- Expands eligibility for the existing EIDL program to sole proprietor /independent contractors, etc.
- SBA Express Loan cap would increase from \$350K to \$1M.
- Requires the SBA to pay the principal, interest, fees on specific limited existing SBA loans for 6 months.

General Business Provisions

- Business Loans: o \$500B for loans and support from the Federal Reserve (can go to businesses, states, municipalities, etc.).
 - Specific allocation equal to roughly 10% for air service industries and national security businesses.
 - 5-year loan max (cannot be forgiven).
 - No stock buybacks – government can share in gains.
 - Limits to executive compensation.
 - Proposes creation of a targeted Middle Market program for businesses and non-profits between 500 and 10,000 employees. Criteria: • Recipient must retain 90% of workforce through 9/20/20.
- No outsourcing /off shoring.
- Recipient will be neutral to collective bargaining.

Tax Support

- o Delay of employer payroll taxes due at year end until 2021 (and later).



- o Provides a refundable payroll tax credit for 50% of wages paid by employer whose 1) operations were fully or partially suspended due to coronavirus or gross receipts declines by more than 50% compared to same quarter in 2019.
- o Extends net operating loss (NOL) carry back to 5 years (includes pass-through orgs) and other limits.
- o Temporarily increases the amount of interest expense businesses can deduct from 30% to 50%.
- o Modifies the Families First Coronavirus Response Act to cap paid sick leave at \$511 per day and \$5,110 in aggregate (less if caring for someone else or due to school closure).
- o Federal Medical Leave Act requirements under the prior law are capped at \$200 per day and \$10K in aggregate.

Individual Support

- Checks from the U.S. Treasury for up to \$1,200 per person and \$500 per child will be issued for taxpayers – with a phase out beginning at \$75,000 annual salary.
- Unemployment insurance extension (4 months) / enhanced benefit package. Also extended to traditional non-eligible individuals (e.g. self-employed /independent contractors). o Removes one-week waiting period.
- Provides funding to support “short-time compensation” programs, where employers reduce employee hours instead of laying off employees. Essentially a partial unemployment benefit. Federal government will pay 100% for states with programs in existence and 50% for states that initiate the program – through year end.
- Waives early withdrawal penalties for retirement distributions for 2020.
- Defers student loan principal and interest through 9/30/20 without penalty and suspends forced collection.
- Modifies charitable deduction limits for 2020.
- Enables companies to pay student loan for employee tax-free up-to \$5,250 annually.

Minority Business Support

- \$10M for the Minority Business Development Agency within the Department of Commerce for minority business centers and minority chambers – temporarily waives matching requirements.

Healthcare System & Related Support

- Provides \$100B for healthcare providers for coronavirus related expenses and lost revenue.
- \$4.3B for the Centers for Disease Control and Prevention for coronavirus related issues.
- Requires health insurance plans to reimburse for coronavirus testing.
- Delays planned reductions in Disproportionate Share hospital payments.
- Medical product provisions (drug/device supply chain and shortages, medial supply stockpiles, liability).
- Promotes the use of telehealth technologies.

State Support

- Provides \$150B to States for expenditures incurred due to the public health emergency with respect to coronavirus in the face of revenue declines, allocated by population proportions, with a minimum of \$1.25B for states with relatively small populations.
- Provides flexibility to states to use federal workforce funds to respond to coronavirus needs.

Miscellaneous/Noteworthy Appropriations

- \$80M to FDA for countermeasures and vaccine development.

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- \$1.5B for Economic Development Administration to fund grants in states suffering economic injury.
- \$50M for the Manufacturing Extension Partnership (MEP) program (potential for MAGNET).
- \$60M for NASA for mission delays caused by NASA center closures due to pandemic.
- \$2.45B for the Defense Industrial Base to mitigate impact on production lines / supply chains
- \$45B for FEMA related activities to respond to pandemic.
- \$945M for NIH for coronavirus vaccine and treatment research.
- \$30.9B for Education Stabilization Fund to help K-12 schools respond to coronavirus closures.

Prepared and sourced from/by the the U.S. Chamber of Commerce, Dayton Area Chamber of Commerce and the Greater Cleveland Partnership.