



Breakdown of the COVID -19 Relief Bill Passed in the Senate

March 26, 2020

On March 25, Senate Majority Leader Mitch McConnell announced that a \$2 trillion stimulus deal had been reached with Senate Minority Leader Chuck Schumer and the White House. The massive relief package is intended to bridge the economy while the nation takes strategic measures to stop the spread of COVID-19.

The size and scope of the package make it the largest federal response in the history of the United States. It is targeted at providing immediate medical assistance to our first responders and patients on the front lines, monetary assistance to the middle class and those who have lost their job, relief to small and large businesses that have been forced to shut down, and direct aid to states and municipalities to continue providing essential services.

We are providing our readers with the attached section-by-section summary of the bill; the following is a brief overview of the major components.

- Ensures that all testing for COVID-19 is covered by private insurance plans, with free coverage of a vaccine within 15 days for COVID-19 when such a vaccine is available.
- For eligible small businesses, sole proprietors, independent contractors, and other self-employed individuals the Act provides \$349 billion through federally backed loans under a modified and expanded Small Business Administration (SBA) 7(a) loan guaranty program. These loans can be used to pay for utilities, rent, mortgage, and payroll. Borrowers are eligible for loan forgiveness for the first 8 weeks of the loan. The Small Business Administration has no more than 15 days after the date of enactment to issue regulations.
- The measure provides \$500 billion to the Department of Treasury's exchange stabilization fund for use in loans, loan guarantees, and other investments for distressed businesses that do not qualify for the small business relief. This includes direct lending of \$25 billion for passenger air carriers, \$4 billion for cargo air carriers, and \$17 billion for businesses determined to be important to national security. The remaining \$454 billion is eligible for direct lending to distressed businesses meeting specified criteria. These provisions also include prohibitions on recipients of relief engaging in stock buybacks, and all loans must be used to retain at least 90 percent of the workforce.
- For those who lost employment because of the pandemic, the measure provides robust unemployment insurance, including for self-employed, independent contractors, and those with limited work history. The assistance will include an additional \$600 per week for each recipient

and provides an additional 13 weeks of benefits to those who remain unemployed after state unemployment benefits are no longer available.

- U.S. individual taxpayers with an adjusted gross income of up to \$75,000 (\$150,000 joint) are eligible for a full \$1,200 (\$2,400 joint) rebate, and an additional rebate of \$500 per child. Americans will not be required to do anything to receive a rebate check, as the IRS will use a taxpayer's 2019 tax return or their 2018 return if they have not yet filed. The rebate is reduced by \$5 for each \$100 of the taxpayer's income that exceeds \$75,000 and completely phases out at \$99,000.

This sweeping measure is not likely to be the last action that the executive and legislative branches will undertake to defeat the virus and its punishing impact on the health and economic well-being of the nation. Over the coming days and weeks, the Senate and House of Representatives will be working remotely on more measures to assist the American people who have been subject to personal and economic harm through no fault of their own.

H.R. 748 now moves to the U.S. House of Representatives. House Majority Leader Hoyer sent the following message to Members of the House of Representatives:

"Members are advised that the House will convene at 9:00 a.m. on Friday, March 27th for consideration of H.R. 748 – Coronavirus Aid, Relief, and Economic Security Act. Members are further advised that due to the limited flight options, Members participating in self-quarantine, and several states mandating stay-at-home orders, we expect the bill to pass by voice vote on Friday."

Venable will continue to advise its clients on the proposals moving through Congress and the government departments and agencies tasked with implementing the legislation

CARES Act Summary