

December 28, 2020

## President Signs \$1.4 Trillion Government Spending Bill, Tax Title and \$900 Billion COVID-19 Relief Bill

President Donald Trump has just signed the \$1.4 Trillion Government Spending Bill and the long awaited \$900 Billion COVID-19 Relief Package Bill.

This signing comes after threatening to derail the bill by calling for changes after it had passed Congress. The bill passed the House of Representatives and the Senate last Monday with a final tally of 359-53 in the House and 92-6 in the Senate. The signing removes the threat of a partial government shutdown that would have started early Tuesday after a temporary spending law expired.

President-Elect Joe Biden announced at an event on Tuesday in Wilmington, Delaware that he will push for a third round of stimulus checks to be included in the next pandemic relief bill after he takes office in January. Biden has repeatedly called the \$900 billion package a “down payment” and did so again today. He said more funding would be needed for vaccine distribution, reopening schools, and to help firefighters, police and nurses.

### ***Scroll down to see breakdown of the \$900 Billion COVID-19 Relief Package Bill***

#### **The Covid Relief Bill - \$900 Billion**

The nearly \$1 trillion Covid-19 relief bill will include a second stimulus check of up to \$600 for many Americans, an extra \$300 in enhanced unemployment insurance for 11 weeks, the continuation of key jobless programs and funding for food and rental assistance, among other provisions, lawmakers announced Sunday night.

#### **Paycheck Protection Program - \$284 Billion**

\$284 billion for first and second forgivable PPP loans and extends PPP through March 31, 2021.

#### **Related Practices**

Administration Transition Resources  
CARES Act Relief  
COVID-19 Resource Center  
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- Provides a second PPP forgivable loan for the hardest-hit small businesses and non-profits with 300 or fewer employees and that can demonstrate a loss of 25% of gross receipts in any quarter during 2020 when compared to the same quarter in 2019;
- Creates a dedicated \$15 billion set-aside for lending through community financial institutions, including Community Development Financial Institutions and Minority Depository Institutions to increase access for minority-owned and other underserved small businesses and nonprofits;
- Creates a set-aside for very small businesses with 10 or fewer employees and for small businesses located in distressed areas;
- Expands PPP eligibility for more critical access hospitals, local newspapers and TV and radio broadcasters, housing cooperatives, and 501(c)(6) nonprofits, including tourism promotion organizations and local chambers of commerce;
- Allows for small businesses in the restaurant and hospitality industries to receive larger awards of 3.5 times average total monthly payroll, rather than 2.5 times;
- Adds PPE expenses, costs associated with outdoor dining, and supplier costs as eligible and forgivable expenses;
- Simplifies the forgiveness process for loans of \$150,000 and less; Repeals the requirement of deducting an EIDL Advance from the PPP forgiveness amount.
- Forgiven Paycheck Protection Program (PPP) loans will not be included in taxable income. It also clarifies that deductions are allowed for expenses paid with proceeds of a forgiven PPP loan, effective as of the date of enactment of the CARES Act and applicable to subsequent PPP loans. This same tax treatment also applies to EIDL grants and certain loans and loan repayment assistance.

### **Employee Retention Tax Credit (ERTC)**

- Extends and expands the refundable Employee Retention Tax Credit (ERTC) through July 1, 2021;
- Increases the credit rate, from 50% to 70%;
- Raises the limit on per-employee creditable wages from \$10,000 for the year, to \$10,000 for each quarter;
- Expands eligibility for the credit by reducing the required year-over-year decline in gross receipts from 50% to 20%; and
- Modifies the threshold for treatment as a 'large employer' by increasing the 100-employee delineation for determining the relevant qualified wage base to employers with 500 or fewer employees.

### **Special "lookback" for EITC and CTC**

- Special temporary rule allowing lower-income individuals to use their earned income from tax year 2019 to determine the Earned Income Tax Credit and the refundable portion of the Child Tax Credit (i.e., the Additional Child Tax Credit) in the 2020 tax year. This will help workers who experienced lower wages this year, due to the pandemic, to get a larger refund that is consistent with their earnings from prior filing seasons.

### **EIDL Grant Program - \$20 Billion**

This bill includes \$20 billion for EIDL Advance grants. Small businesses and nonprofits in low-income communities are eligible to receive \$10,000 grants. Any small businesses and nonprofits in low-income communities that received an EIDL Advance previously are also eligible to receive the full \$10,000 if their award was less in the first round of grants.

### **Vaccine and Testing - \$69 Billion**

- \$20 billion to BARDA for procurement of vaccines and therapeutics.
- \$9 billion to the CDC and states for vaccine distribution.
- \$3 billion for the strategic national stockpile.
- \$300 million specifically directed to high risk and underserved areas for distribution, including communities of color.
- \$22 billion, all sent directly to states, for testing, tracing and COVID mitigation programs.
- \$2.5 billion will be sent out as grants specifically targeted at needs in underserved areas, including both communities of color and rural communities.
- \$4.5 billion in mental health funding.
- \$9 billion in support for health care providers.
- \$1 billion for NIH to research COVID-19.
- \$1 billion in direct funds to the Indian Health Service to carry out these services.

### **International Vaccine Distribution - \$4 Billion**

This legislation includes \$4 billion in funding for GAVI, a private-public partnership aimed at getting vaccines to low-income countries around the globe

### **Nutrition and Agriculture - \$26 Billion**

- \$13 billion to increase SNAP benefits by 15%, provide additional funding for food banks and senior nutrition programs, and to ensure college students have access to SNAP.
- \$614 million for nutrition assistance for Puerto Rico and the territories, allocates emergency funds for school and day care feeding programs and includes critical improvements to the P-EBT program.

- \$13 billion for direct payments, purchases and loans to farmers and ranchers who have suffered losses due to the pandemic.
- Funds to support the food supply chain through food purchases, donations to food banks, and support for local food systems.

### **Unemployment Insurance & Direct Payments - \$286 Billion**

- Additional \$300 per week for all workers receiving unemployment benefits, through March 14, 2021.
- Extends the Pandemic Unemployment Assistance (PUA) program, with expanded coverage to the self-employed, gig workers, and others in non-traditional employment, and the Pandemic Emergency Unemployment Compensation (PEUC) program, which provides additional weeks of federally-funded unemployment benefits to individuals who exhaust their regular state benefits.
- Economic Impact Payments of \$600 for individuals making up to \$75,000 per year and \$1,200 for couples making up to \$150,000 per year, as well as a \$600 payment for each child dependent. This means a family of four will receive \$2,400 in direct payments.

### **Omnibus Appropriations (\$1.4 trillion)**

The bill also includes \$1.4 trillion in annual spending bills that fund agency operating budgets through Sept. 30 of next year.

### **Tax Extenders**

The legislation would make permanent a number of temporary tax breaks dealing with things like medical expenses, tuition costs and subsidies for making buildings more energy efficient. Other provisions would get five-year renewals, including ones important to large corporations with operations in multiple countries; oft-mocked provisions subsidizing film productions and racetracks; and ones for the Empowerment Zone program, a forerunner of the better-known Opportunity Zone initiative. A slew of other extenders, many for clean energy, would get the more customary one-year renewal.

- Delay the phase-out schedule for the renewable and investment tax credits, with the PTC extended for one year and the ITC extended for two.
- Extends the ITC for solar through 2022 at its current rate of 26 percent, before the credit declines to 22 percent in 2023 and then 10 percent thereafter.
- Two-year extension of a credit for carbon capture and sequestration projects, allowing developers to qualify for it if they begin construction before the end of 2025.
- Extend key efficiency breaks through 2021, while making permanent the 179D commercial building tax deduction for efficiency improvements.
- Provide five years for offshore wind. The onshore wind production tax credit has been extended through 2021 at the same rate it will get next year.

- Permanent energy efficiency improvements for commercial buildings, such as lighting, heating and ventilation upgrades. It also extends through 2021 a credit of up to \$2,000 for the purchase of energy efficient homes and similar credits for non-business energy property purchases, such as windows and boilers.
- Extends for a year a \$1.01 per gallon credit for advanced biofuels which have so far not made a big dent in the biofuels market, and it adds a year to the 50-cent per gallon credit for biodiesel.
- Extended through 2025 would be the excise tax of 9 cents per barrel of crude oil that finances the Oil Spill Liability Trust Fund.
- Extend through the end of the 2021 excise taxes that fund the Black Lung Disability Trust Fund. The government charges \$1.10 per ton of coal removed from underground facilities and 55 cents per ton of coal removed from surface mines.
- While direct payments were widely sought for many incentives to account for frozen tax equity markets, they did not make the cut.

### **Energy Bill, Pipelines**

\$35.2 billion in research and development spending authorizations over the next decade in a clean energy innovation bill.

The spending and pandemic package also contain a five year reauthorization of the Transportation Department's Pipeline and Hazardous Materials Safety Administration (PHMSA), which had lapsed over a year ago and been subject to partisan sniping. (*found on page 2,634*)

### **HFCs**

Includes legislation to phase down the use of HFCs, a potent class of greenhouse gases used in air conditioners and refrigerators.

It would be one of the most significant climate bills Congress has passed in years. The HFC bill could help avoid half a degree Celsius in global warming, as part of a larger international phase down agreement struck in 2016.

The measure, which would phase down HFCs 85% over 15 years, derailed Senate consideration of the energy bill earlier this year, but leaders on the Environment and Public Works Committee struck a deal in September, which ultimately cleared it for addition to the omnibus.

### **Water Projects**

Includes an almost 400-page water resources bill that targets \$10 billion for 46 Army Corps of Engineers flood control, environmental and coastal protection projects.

### **Surprise Medical Billing**

Includes bipartisan legislation to protect consumers from huge surprise medical bills after receiving treatment from out-of-network providers.

## **Transportation - \$18 Billion**

This bill includes \$45 billion in transportation funding to provide relief to transit agencies, airlines and airline contractors, state transportation agencies, airports, Amtrak, and private motorcoaches, school buses, and ferries, which have all been significantly impacted by coronavirus as travelers are urged to stay home and demand is down.

- Airline Payroll Support Program - \$15 billion to renew the CARES Act program which will keep workers on payroll without furloughs or reducing pay rates and benefits until March 31, 2021, with requirements for airlines to rehire workers laid off after Sept. 30, 2020, as well as stipulations preventing airlines from using funds for stock buybacks, executive bonuses, or for utilizing the funds in anything other than supporting workers.
- Airline Contractors Payroll Support – this program will receive an additional \$1 billion as part of the extension of the Payroll Support Program. And these workers have the additional protection of relief from furlough until all of their employers' PSP funds are expended.
- Buses and U.S. Vessels – Nationwide, buses will receive \$2 billion in relief, which will benefit private motorcoaches, school buses, and U.S.-flagged small passenger vessels.
- FMCSA - This provision expands the time period in which FMCSA grant funds can be expended by states if they've faced a hardship because of COVID-19.
- NHTSA – This bill extends the CARES Act provision that allowed NHTSA to waive or postpone some requirements for states receiving highway safety grants if needed due to COVID. DOT has taken the position that the language only applied to FY 2020, and they need this extension to be able to grant similar relief to states in FY 2021.

## **Related People**

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