



# THE CORONAVIRUS ACTS

How recent Federal legislation affects Murfreesboro  
government, businesses, and individuals



# Disclaimer

*These materials are provided for informational purposes and are not to be construed as legal or tax advice to any person or entity outside of the government of the City of Murfreesboro.*

*Individuals and businesses are strongly encouraged to speak to their attorney, accountant, tax advisor, and/or the entities referenced herein regarding availability and eligibility for programs and funds related to the COVID-19 pandemic.*

# Legislation

- Congress has recently passed three laws to combat COVID-19 and its related effects on the US population and economy

## Phase 1

---

- Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (Public Law 116-123)

## Phase 2

---

- Families First Coronavirus Response Act (Public Law 116-127)

## Phase 3

---

- Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136)

- Media reports indicate that members of Congress are already considering “Phase 4” legislation
- **THIS JUST IN!** Congress will pass “Phase 3.5” to increase funding.

# Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (Public Law 116-123)

Introduced in the House March 4, 2020; became law March 6, 2020

## Phase 1

- Coronavirus is deemed a disaster for purposes of section 7(b)(2)(D) of the Small Business Act, meaning small businesses affected by the COVID-19 pandemic may apply to the Small Business Administration for economic injury disaster loans
- Adds \$20 million to the existing Disaster Loans Program budget for program administration
- Included in the appropriations to the Centers for Disease Control and Prevention and the Department of Health and Human Services are provisions allowing the CDC and HHS to provide state and local grants for to improve preparedness and response, including construction grants

# Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (Public Law 116-123)

Introduced in the House March 4, 2020; became law March 6, 2020

## Phase 1

- Takeaway: Phase 1 dealt primarily with the studying the coronavirus and finding treatments and vaccines
  - *Attack the disease*
- Other than deeming coronavirus a disaster for EIDLs, Phase 1 had limited impacts on businesses and individuals



# Families First Coronavirus Response Act (Public Law 116-127)

Introduced in the House March 11, 2020; became law March 18, 2020

Phase 2

- Provides \$1 billion for COVID-19 testing and related healthcare services for the uninsured
- Additionally, those with insurance can receive testing with no out-of-pocket costs
- Provides COVID-19 related emergency sick leave and emergency family leave to employees at companies with 500 or fewer employees; provision also applies to state and local governments
  - *Exemption available for businesses with fewer than 50 employees if the requirements would jeopardize the ability of the business to continue*
- Costs of emergency sick leave are balanced with refundable payroll tax credits
- Increased funding and grants for unemployment compensation

# Families First Coronavirus Response Act (Public Law 116-127)

## Breaking Down the Sick Leave Provisions

- **Eligibility:** An employee who is unable to work or telework because the employee:
  - *Is subject to a federal, state, or local quarantine or isolation order*
  - *Has been advised by a health care provider to self-quarantine*
  - *Is experiencing COVID-19 symptoms and is seeking a medical diagnosis*
  - *Is caring for an individual subject to a quarantine or isolation order, or has been advised to self-quarantine*
  - *Is caring for a child whose school or care provider is closed or unavailable\**
  - *Is experiencing any other substantially-similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury*

# Families First Coronavirus Response Act (Public Law 116-127)

## Sick Leave Time and Pay

- Up to 80 hours
- Based on regular rate of pay (6 month average)
- If part-time, take average over 2 weeks (or 6 months, if unpredictable)
- Caps and rate based on reason for leave: Self-care, quarantine, or isolation (reasons 1-3 of previous slide), 100% of pay up to **\$511/day** and **\$5,110 total**
- Care for other and substantially similar condition (reasons 4-6 of previous slide), 2/3 pay up to **\$200/day** and **\$2,000 total**
- Overtime hours count for calculating number of hours for leave but not for pay rate





# Families First Coronavirus Response Act (Public Law 116-127)

## Emergency Family and Medical Leave

- Expands normal FMLA provisions to include a qualifying need related to a public health emergency
  - *Expires 12/31/2020*
- Eligibility (must meet all):
  - *Employee is unable to work or telework*
  - *Needs to care for a child under 18*
  - *Child's school or care provider is closed or unavailable because of a COVID-19 related public health emergency declared under federal, state, or local law*

# Families First Coronavirus Response Act (Public Law 116-127)

## Family Leave Time and Pay

- 2 weeks unpaid; EPSL covers pay
- Up to 10 weeks at 2/3 regular rate of pay, capped at:
  - \$200/day
  - \$10,000 total
  - Plus \$2,000 for first 2 weeks of EPSL (so \$12,000 total)
- May be less if employee took other FMLA in same FMLA year



# Families First Coronavirus Response Act (Public Law 116-127)

## Payroll Tax Credit

- Credit against payroll taxes for employers providing emergency sick leave
  - *100% credit for expenses related to reasons 1-3 on the sick leave eligibility list; up to \$511/day for up to 10 days, \$5,110 aggregate (per employee)*
  - *2/3 credit for expenses related to reasons 4-5 on the sick leave eligibility list and/or for EFMLA leave; up to \$200/day for up to 10 days, \$2,000 aggregate (per employee)*
- Self-employment tax credit: 2/3 of average daily income, up to \$511/day for 10 days
- Effective Dates: 4/1/2020 – 12/31/2020
- IRS: Eligible employers are entitled to an additional tax credit determined based on costs to maintain health insurance coverage for the eligible employee during the leave period.
- No tax credits or reimbursement available to local governments

# Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136)

Originally Introduced in the Senate March 19, 2020. As a procedural device, Senate then amended House Resolution 748 and sent it back for final approval; became law March 27, 2020

## Phase 3

- Creates a new small business “Paycheck Protection Program” (PPP)
  - *\$349 billion in assistance (in the form of forgivable loans) to businesses to retain employees/payroll, pay mortgage/rent, and pay utilities*
- Expands eligibility for the SBA economic injury disaster loan (EIDL) program, waives certain application requirements
  - *Also, within EIDL program, \$10,000 cash advances can be forgiven if used to retain employees/payroll, pay mortgage/rent, and pay utilities*
- Multiple tax relief provisions, including a 50% refundable payroll tax credit for employee retention if the business faces closure due to COVID-19
  - *Also allows loss carry-back for five years*
  - *Employee Retention Credit CANNOT be used with the PPP (either/or availability)*

# Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136)

## Paycheck Protection Program\*

### Phase 3

- Fully or partially forgivable loan to cover eight weeks of payroll and certain other non-payroll expenses (rent/mortgage, utilities), up to \$10 million
  - *Must maintain “full time equivalent” head count (at least 75% of normal payroll, 2/15/2020 benchmark) for forgiveness*
  - For full forgiveness, 25% cap on non-payroll expenses
  - \$100,000 payroll cap per employee
- Also available for self-employed/sole proprietors
  - “wage, commission, income, net earnings from self-employment or similar compensation”
  - \$100,000 cap
- Must apply through a participating bank or lender
- 6/30/2020 application deadline; APPLY NOW!
- <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>

\* As of 4/16/2020 program is maxed out pending further Congressional appropriation

# Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136)

## EIDL Program

### Phase 3

- *Remember: Phase 1 declared Coronavirus a disaster for EIDL purposes*
- Low-interest loans up to \$2 million, 30-year term, 3.75% interest (2.75% for non-profits)
  - Relaxed collateral/personal guarantee requirements
  - Up to \$10,000 “advance” disbursed within days; fully and automatically forgiven
  - *Rumor: advance may be based on predisaster employees*
- Eligibility: small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization or 501(c)(19) veterans organizations affected by COVID-19
- Apply directly through the SBA: <https://COVID19relief.sba.gov>

# SBA Debt Relief

- The SBA will automatically pay the principal, interest, and fees of **current 7(a), 504, and microloans** for a period of six months.
- The SBA will also automatically pay the principal, interest, and fees of **new 7(a), 504, and microloans** issued prior to September 27, 2020.
- Current SBA Serviced Disaster (Home and Business) Loans in “regular servicing” status on March 1, 2020: automatic deferments through **December 31, 2020**
  - See <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief>

# Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136)

## Employee Retention Credit

### Phase 3

- Refundable tax credit equal to 50 percent of up to \$10,000 in qualified wages (including health plan expenses), paid after March 12, 2020 and before January 1, 2021
  - *Capped at \$5,000 of credit per employee*
- Eligibility: businesses with operations that have been partially or fully suspended due to governmental orders due to COVID-19, or businesses that have a significant decline in gross receipts compared to 2019
  - *No size limit for businesses (as with PPP or EIDL), but different “qualified wages” definitions for employers with either more or less than 100 employees*
- For more information: <https://www.irs.gov/coronavirus/employee-retention-credit>



# Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136)

## Unemployment Benefits

- Extends unemployment benefits for an additional 13 weeks (for a total of up to 39 weeks), expands eligibility to self-employed individuals, and provides enhanced benefits for the first four months (including an additional \$600 per week and no one-week waiting period)
  - <https://www.dol.gov/coronavirus/unemployment-insurance>
- CAVEAT: States must sign agreement with DOL to implement federally-funded provisions of Pandemic Emergency Unemployment Compensation program; *no word on whether TN has signed agreement*
- Tennessee Department of Labor and Workforce Development:  
<https://www.tn.gov/workforce.html>
  - *To apply for unemployment benefits:*  
<https://www.tn.gov/workforce/unemployment/apply-for-benefits.html>

# Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136)

## Effects on Retirement Funds

- Section 2202 of the CARES Act provides two ways for qualifying individuals to use their money in eligible retirement plans
- Tax-favored withdrawal, aka Coronavirus-Related Distribution
- Expanded Retirement fund loan program
- **NOT EVERY RETIREMENT PLAN IS ELIGIBLE FOR THESE PROGRAMS!**
  - *Speak to your financial advisor, retirement specialist, and/or retirement plan administrator regarding your plan and available options*
- **Also**, Section 2203 of the Act waives required minimum distributions (RMDs) from certain plans for 2020 (403(a), 403(b), 457(b), IRAs)

# Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136)

## Effects on Retirement Funds

### Coronavirus-Related Distributions (CRD)

- Qualifying individuals in an eligible plan may withdraw up to \$100k from their retirement with no 10% early withdrawal penalty (ends 12/31/2020)
- CRD is taxed as ordinary income, spread out evenly over a three-year period
- Individuals may pay back the CRD within the period with no tax penalties
  - *Taxes paid on CRDs may be refunded by filing an amended return; talk to your accountant for details*

### Expanded Loan Program

- Cap on existing loan programs increased to the lesser of 100% of vested benefits or \$100k
- Outstanding loans: payments are deferred until 12/31/20, due dates extended 1 year

# Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136)

## Effects on Retirement Funds

Phase 3

- Qualifying individual:
  - I. *who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention,*
  - II. *whose spouse or dependent (as defined in section 152 of the Internal Revenue Code of 1986) is diagnosed with such virus or disease by such a test, or*
  - III. *who experiences adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by the individual due to such virus or disease, or other factors as determined by the Secretary of the Treasury (or the Secretary's delegate).*
- CRD “eligible retirement plan:” see IRC 402(c)(8)(B) (think most popular plans)
- Loan program “qualified employer plan:” see IRC 72(p)(4) (think 401(k) plans)

# Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136)

Phase 3

- Additional \$1.5 billion for economic development grants at the state and local level
- For real estate investors and professionals financing residential rental properties through federally-backed programs, a moratorium has been placed on evictions for the next four months
  - *Info on the eviction moratorium, grants for certain COVID-19 Response activities and other housing related issues, see [www.hud.gov/coronavirus](http://www.hud.gov/coronavirus)*



# Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136)

## Phase 3

- Economic Impact Payments
  - *“Stimulus checks”*
  - *Payments of \$1,200 per individual (\$2,400 per married couple), plus \$500 per qualifying child*
  - *Full benefit up to: \$75k (single); \$112,500 (head of household); \$150k (married filing jointly)*
  - *Phase-out: \$5 per \$100 of income; complete phase-out at \$99k (single), \$136,500 (head of household), \$198k (married filing jointly)*
- Disbursed first to taxpayers with bank info on file (direct deposit, estimated payments, etc.); paper checks mailed later
- More information: <https://www.irs.gov/coronavirus/economic-impact-payments>

## This Just In!

# Paycheck Protection Program and Health Care Enhancement Act (H.R. 266)

- Increases the appropriations for the Paycheck Protection Program and EIDL Program through the SBA
  - *Additional \$310 billion to PPP, \$60 billion more to EIDL (\$10 billion more toward emergency grants)*
  - *Also includes agricultural enterprises with less 500 employees for EIDL eligibility*
- SBA loan guarantees expanded to include loans issued by community financial institutions and credit unions
- Allocates another \$25 billion to testing, including money for states and localities to be distributed through grants and/or cooperative agreements

# State and Federal Grants

- Phases 1 and 3 appropriated federal funds for COVID-19 grant purposes
  - *FEMA, HUD, FAA, DOT, and other agencies*
- In addition, Tennessee has appropriated COVID-19 grant funds
  - *Governor's Office, THDA*
- Funds available to Murfreesboro may be used for:
  - *Public safety equipment/personal protective equipment (PPE)*
  - *Cleaning and disinfection of public facilities*
  - *Health and safety communications to the general public*
  - *Expanding outreach to unsheltered individuals*
  - *COVID-19 related construction and facilities expansion*
  - *Transit operational costs related to COVID-19*
  - *Airport operations*



# Resources for Local Businesses

The following federal agencies are putting out new guidance at a rapid pace

- SBA Disaster Loans and other programs
  - [www.sba.gov](http://www.sba.gov)
    - To apply for an EIDL- <https://COVID19relief.sba.gov>
  - SBA Tennessee District Office: <https://www.sba.gov/offices/district/tn/nashville>  
Phone: 615-736-5881
- Info on the Emergency Family & Medical Leave Expansion Act of the Families First Coronavirus Response Act
  - [www.dol.gov/coronavirus](http://www.dol.gov/coronavirus)
- Info on the eviction moratorium, grants for certain COVID-19 Response activities and other housing related issues
  - [www.hud.gov/coronavirus](http://www.hud.gov/coronavirus)
- Info on tax deadline extensions, payroll/self-employment tax credits, and other COVID-19 related tax issues
  - [www.irs.gov/coronavirus](http://www.irs.gov/coronavirus)



# State and Local Resources

State agencies are also providing direct services to individuals and businesses



- Governor's COVID-19 Resource Hub: <https://www.tn.gov/governor/COVID-19.html>
- Tennessee Department of Labor and Workforce Development: <https://www.tn.gov/workforce.html>
  - To apply for unemployment benefits: <https://www.tn.gov/workforce/unemployment/apply-for-benefits.html>
- TennCare: <https://www.tn.gov/tenncare/information-statistics/tenncare-information-about-coronavirus.html>
  - To apply or manage coverage: <https://tenncareconnect.tn.gov/services/homepage>
- Murfreesboro Information and Updates: <http://www.murfreesborotn.gov/1690/Coronavirus-Information>
- Rutherford County Information: <http://rutherfordcountyttn.gov/COVID19>
  - Health Department: <http://health.rutherfordcountyttn.gov/>

# Additional Resources

- United Way -211 - <http://tn211.mycommunitypt.com/>
- Second Harvest Food Bank- <https://www.secondharvestmidtn.org/>
- Nourish Food Bank- <https://www.nourishfoodbanks.org/>
- Greenhouse Ministries- <https://www.greenhousemin.org/>
- Red Cross- <https://www.redcross.org/local/tennessee.html>
- Suicide Prevention Hotline- 1-800-273-8255
  - <https://suicidepreventionlifeline.org/>

# This and That

- Emergency Coronavirus Relief Legislation continues to be debated in the Senate; How much and who gets it is in question
- Economic Impact Payments: IRS Web Tool for Non-Filers Launched
  - <https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here>
    - For U.S. citizens or resident aliens who have a valid SSN, can't be claimed as a dependent of another tax payer, and had adjusted gross income under certain limits
- [Apple and Google partner on COVID-19 contact tracing technology using Bluetooth](#)
- [Ohio Department of Health Ping Pong Balls and Mouse Trap Video](#)