

# Coronavirus Stimulus Guide

How the \$2 trillion CARES Act will assist local residents, businesses



## The CARES Act

- \$250 billion to make unemployment insurance available to more categories of workers and to extend the duration of benefits to 39 weeks from the 26 weeks typical in most states. It would also provide an extra \$600 a week for four months.
- \$301 billion in direct payments to households.
- \$349 billion in loans to small businesses, with the amount spent on payroll, rent or utilities converting into grants that don't have to be repaid.
- \$500 billion for loans, loan guarantees or other aid to businesses, states and municipalities—including the possibility that the government will take direct equity stakes in distressed companies. Of the total, \$29 billion is set aside for cargo and passenger airlines, and \$17 billion is for businesses deemed critical to national security, such as Boeing. The remaining \$454 billion would go to backstop losses in lending facilities established or expanded by the Federal Reserve.
- \$32 billion in grants to cover wages at passenger air carriers, cargo air carriers and contractors.
- \$150 billion in direct aid to states, distributed according to population size. A municipality could apply to receive aid directly, reducing the amount available to the rest of the state.
- \$221 billion in a variety of tax benefits for businesses, including allowing businesses to defer payroll taxes, which finance Medicare and Social Security, for the rest of the year. It would also temporarily allow businesses to claim deductions using today's losses against past profits to claim quick refunds for cash infusions.
- \$340 billion in supplemental spending, which includes \$117 billion for hospitals and veterans' care. It also includes \$25 billion mostly for public transit to make up for revenue lost because of dwindling ridership.

## Households and Workers

### Individual checks

The CARES Act provides for direct payments of \$1,200 to adults and \$500 per child to American households, structured as tax refunds to allow the Internal Revenue Service to distribute the funds quickly.

There is no provision for future direct payments in the event the economic disruption lasts into the later spring. The direct grants are phased out for upper income brackets, starting with \$75,000 of

individual income.

The grants aren't available at all, for example, for individuals without children making more than \$99,000 and married couples without children making more than \$198,000.

### Unemployed workers

The CARES Act would extend the duration of jobless benefits to 39 weeks from 26 available in most states, and includes a \$600-a-week increase for the first four months, with the bonus payment avail-

able through July 31.

These benefits would be extended to contract workers, freelancers and other nontraditional workers, who lack benefits in some states. The aim is to replace lost wages as completely as possible.

### Freelancers

The CARES Act expands some benefits and grants to independent contractors, such as Uber drivers and freelance film editors, that normally go only to employees or small businesses. For example, it extends unemployment benefits to self-employed

workers, including independent contractors, freelancers and other nontraditional workers who are unemployed, partially unemployed or unable to work because of COVID-19.

It includes a \$600-a-week increase on top of current levels of unemployment benefits for four months. Independent contractors also can apply for the \$10 billion set aside for emergency EIDL—economic injury disaster loan—funds, which are normally available only to a narrower category of small businesses.

## Personal Financing and Taxes

### Bankruptcy

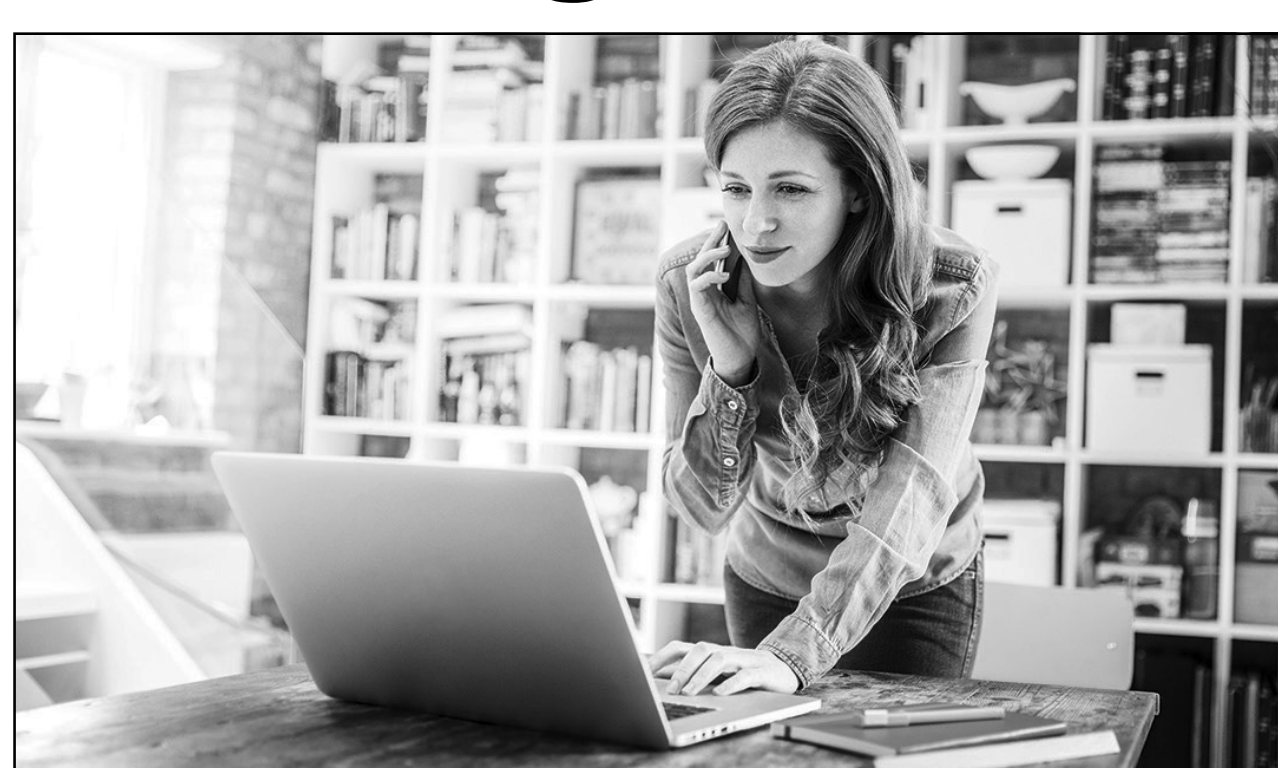
According to the CARES Act, the law ensures that people who file for bankruptcy don't have to use stimulus checks to repay past debt, and it extends the time that bankrupt people have to repay a portion of their debt as a condition to getting a fresh start. The current repayment time limit is five years; the bill extends the repayment time frame to seven years.

bearance of up to 360 days to borrowers who say they have been harmed by the coronavirus outbreak. Servicers are prohibited from initiating foreclosure and processing foreclosure-related evictions for 60 days beginning March 18. Owners of multifamily properties can request a forbearance of up to 90 days, during which tenants cannot be evicted for nonpayment of rent or other fees.

### Retirement

According to the CARES Act, the law temporarily loosens the rules on hardship distributions from retirement accounts, giving people affected by the crisis access to up to \$100,000 of their retirement savings without a 10 percent penalty. The law doubles the amount 401(k) participants can take in loans from an account for the next six months to the lower of \$100,000 or 100 percent of the account balance. (IRAs don't permit loans.)

For retirees, the law suspends for 2020 the mandatory distributions the government requires most



to take from tax-deferred 401(k)s and individual retirement accounts starting at either age 70½ or age 72.

### Student loans

Per the CARES Act, the law would allow most Americans with federal student loans to suspend their monthly payments through Sept. 30, 2020, without any interest accruing. It would also enable employers to make tax-exempt contribu-

tions toward their workers' student-loan payments.

### Taxes

Under the CARES Act, people who don't itemize their deductions would be able to claim up to \$300 for charitable contributions. Businesses get the ability to apply losses from 2018, 2019 or 2020 to past years' profits and claim refunds. Restaurants and retailers would benefit from the

fixing of a mistake in the 2017 tax law that curbed their depreciation deductions on renovations.

Employers would be able to defer paying their share of 2020 payroll taxes. They could then make half of those payments in 2021 and the other half in 2022. In addition, the bill creates a new tax credit for retaining employees that's aimed at companies that are too large to benefit from the

small-business assistance elsewhere in the bill.

Those employers would be able to get a tax credit equal to 50 percent of payroll. That is limited to \$10,000 per employee per quarter, and for employers with more than 10 employees, it is available only to those companies and nonprofits that have their businesses limited or closed by government actions.

## Big Help for Small Businesses



Please join the chamber and the business community for this virtual Resource Round Up! Presenting Lynn Meyer – Director of Community Lending Works, Robert Killen – Lane SBDC Director and Jenna Cusimano – Lane County Community & Economic Development Management Analyst. This powerful panel will be moderated by Russ Pierson, Dean, LCC Florence Center.

We will be discussing funding options both traditional and non-traditional, government programs and resources and business development resources to not only survive but to thrive through this crisis.

April 9th at 2pm via ZOOM. FREE and open to the public. The link to join will be under the events tab on [FlorenceChamber.com](https://www.florencechamber.com).

