

Initial Outline of Key Provisions in the CARES Act

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Last night the Senate passed a \$2 trillion economic recovery bill by a vote of 96-0 called the Coronavirus Aid, Relief, and Economic Security Act, or "CARES Act". The bill is expected to pass the House of Representatives quickly and be signed into law. The bill provides benefits for individuals and businesses, support for the health care system, and funding for local governments and schools.

The following are some key provisions in the bill:

- A tax credit of \$1200 to most adults or \$2400 for married persons. The payment is reduced for individuals making more than \$75,000 per year or \$150,000 for married persons, depending on their income. Families with children will receive a payment \$500 for each child, subject to the income limitations.
 - \$500 billion for loans and loan guarantees for businesses, states, and municipalities, including \$25 billion for passenger airlines, \$17 billion for businesses essential to national security, and \$4 billion for cargo carriers. The remaining \$454 billion is for loan guarantees and other investments in programs established by the Federal Reserve System to provide liquidity to the financial system that supports lending to businesses, states, and municipalities.
 - A separate \$349 billion loan program for small businesses (up to 500 employees) to continue making payroll. A portion of the small business loan can be forgiven depending on how many employees the employer retains.
 - A \$150 billion fund for payments to state, tribal, and local governments responding to the coronavirus pandemic.
 - \$100 billion for a Public Health and Social Services Emergency Fund for grants for health care providers treating coronavirus patients.
 - An Education Stabilization Fund of approximately \$30 billion, for grants for elementary and secondary education, and for higher education.
 - \$25 billion for emergency Transit Infrastructure Grants administered through the Federal Transit Administration.
 - An additional \$15.8 billion for the Supplemental Nutrition Assistance Program (SNAP).
 - \$9.5 billion in support for agricultural producers impacted by coronavirus, to be administered by the US Department of Agriculture.
 - An increase in unemployment benefits of \$600 per week, in addition to the base amount paid by each state, for four months, and an extension of the time period that a person can receive benefits. Under some circumstances, self-employed people and gig economy workers who normally would not qualify for unemployment benefits, can receive benefits under a new Pandemic Unemployment Assistance program.
 - A waiver of the 10% early withdrawal penalty for distributions of up to \$100,000 from retirement funds for coronavirus-related purposes.
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