HEROES Act Summary
Introduced on 5/12/2020
$3T relief package
Created: 5/12/2020

KEY PROVISIONS

Small Business Specific
● Changes to PPP
  ○ Extension of the covered period from June 30 to December 31;
  ○ Establishes a minimum maturity on PPP loans of 5 years to enable borrowers to amortize loans over a longer period of time, which lowers monthly payments;
  ○ A carve out of 25% of the existing funds on the date of enactment to be used specifically for small businesses with 10 or fewer employees to guarantee they are fully able to access PPP assistance;
  ○ Adds flexibility in the covered period for borrowers by extending the 8-week period to 24 weeks and extends the covered period from June 30 to December 31;
  ○ Harmonizes the use of proceeds with forgiveness;
  ○ Mandates forgiveness data collection and reporting;
  ○ Creates a safe harbor for borrowers who cannot rehire in the prescribed timeframe;
  ○ Eliminates the 75/25 rule on use of loan proceeds
  ○ Excludes certain loan forgiveness by the Small Business Administration, emergency EIDL grants, and certain loan payments from the gross income of the ultimate recipient.
  ○ Clarifies that expenses paid or incurred with proceeds from Payment Protection Program loans that are forgiven pursuant to section 1106(b) of the CARES Act and certain loan forgiveness by Small Business Administration, emergency EIDL grants, and certain loan payments that are not included in gross income under section 333 of this Act do not result in a denial of any deduction or basis of any asset for federal tax purposes
  ○ Clarifies that PPP loans cannot be calculated on a compound basis, saving borrowers money over the long-term
Expands eligibility to all non-profits (also eligible under the Main Street Lending program)

**EIDL**
- Provides an additional $10B for EIDL

**Business interruption credit for the self-employed.**
- Provides a 90% refundable individual income tax credit for certain self-employed individuals who have experienced a significant loss of income. The credit may be claimed on “qualified self-employment income” which is the loss in gross income for self-employment that exceeds a 10% reduction from 2019 to 2020, scaled using the ratio of net earnings from self-employment to gross income from self-employment in 2019. The amount of qualified self-employment income taken into account cannot exceed the reduction in adjusted gross income from 2019 to 2020, and is capped at $45,000. The credit phases out starting at $60,000 of adjusted gross income ($120,000 for married filing jointly) at a rate of $50 for every $100 of income.

**Postal Service**
- **USPS**
  - Includes $25B through Sept 30, 2020
  - U.S. Postal Service Borrowing Authority. Would repeal certain restrictions on the $10 billion in borrowing authority provided to the U.S. Postal Service in the CARES Act.

**Internet**
- **Internet/Broadband**
  - $1.5 billion to close the homework gap by providing funding for Wi-Fi hotspots and connected device
  - Benefit for Broadband Service During Emergency Periods Relating to COVID-19. Entitles households in which a member has been laid off or furloughed to get a $50 benefit, or a $75 benefit on tribal lands, to put toward the monthly price of internet service during the COVID-19 public health emergency. Internet service providers would be required to provide eligible households service at a price reduced by an amount up to the emergency benefit, and those providers can seek a reimbursement from the FCC for such amount. This would authorize nearly $9 billion to cover the costs of reimbursements.
Unemployment Benefits

- **Unemployment Benefits**
  - $600 per week FPUC supplement to state and federal unemployment benefits through January 31, 2021.

- **Pandemic Unemployment Assistance benefits (PUA)**
  - Extend Pandemic Unemployment Assistance benefits (PUA) provided to workers who do not qualify for regular unemployment compensation through January 31, 2021. Under this provision, workers would be able to apply for PUA through January 31, 2021. Individuals would receive all of the weeks of benefits they so long as they are for weeks ending by March 31, 2021.

EITC/CTC

- **EITC**
  - Childless EITC: Expands the eligibility and the amount of the earned income tax credit for taxpayers with no qualifying children (the “childless EITC”) for 2020. In particular, the minimum age to claim the childless EITC is reduced from 25 to 19 (except for full-time students) and the upper age limit for the childless EITC is increased from age 65 to age 66. This section also increases childless EITC amount by increasing the credit percentage and phaseout percentage from 7.65 to 15.3 percent, increasing the earned income amount to $9,720, increasing the phaseout amount to $11,490. Under these parameters, the maximum credit amount in 2020 increases from $538 to $1,487.

- **CTC**
  - Makes the child tax credit (“CTC”) fully refundable for 2020 and increases the amount to $3,000 per child ($3,600 for a child under age 6). The provision also makes 17-year-olds qualifying children. The provision requires the Secretary to make best efforts to provide the enhanced credit in the form of an advanced payment.

Tax Provisions (applicable)

- **State and Local Taxes**
  - Eliminates the limitation on the deduction for state and local taxes for taxable years beginning on or after January 1, 2020 and on or before December 31, 2021.
**Paid Sick and Family Leave**

- **Paid Sick and Family Leave Tax Credits**
  - Extends the availability of Emergency Family and Medical Leave benefits from December 31, 2020 to December 31, 2021.
  - Provides private sector and public sector employees who have been on the job for at least 30 calendar days with the right to take up to 12 weeks of job-protected paid leave under the Family and Medical Leave Act, *regardless of the size of their employers.*
    - Employees can take this leave to: (1) self-isolate because they were diagnosed with COVID-19, (2) obtain a medical diagnosis or to care for symptoms of COVID-19, (3) comply with a recommendation or order to self-isolate because physical presence at work would jeopardize the health of the employee, other employees, or a person in the employee’s household, (4) care for a family member who is self-isolating, (5) care for a child whose school has closed or child care provider is unavailable due to COVID-19, or (6) care for a family member who is individual with a disability or senior citizen whose place of care or direct care provider is unavailable.
  - Ensures that workers are provided with a full 12 weeks of paid emergency FMLA leave and such leave does not count towards an employee’s 12 weeks of non-emergency unpaid FMLA leave. Clarifies that only the employee can decide to take emergency FMLA leave concurrently with any other paid leave they have available.
  - For each 12-month period, entitles eligible full-time employees to two workweeks (80 hours) of emergency paid sick leave. For each 12-month period, eligible part-time employees are entitled to the hours of emergency paid sick leave that equals the typical number of hours that they work in a typical two-week period. Ensures employees receive emergency paid sick leave in addition to any existing employer-provided paid leave.
    - Clarifies that employees can take leave intermittently or on a reduced work schedule, regardless of a previous agreement between an employer and employee.
- Allows employers to require requests for paid sick leave to be supported by basic documentation, but not before 7 days after the employee has returned to work.
- Requires employees to provide their employers with notice of need to take leave as soon as is practicable.
- Clarifies that full emergency paid sick leave is available to employees where they begin employment with a new employer.
- Requires employers to restore employees to their positions after returning from paid sick leave. This section extends the availability of emergency paid sick leave from December 31, 2020 to December 31, 2021.
  - Eliminates the large employer exemption and clarifies that nonprofit organizations are covered employers. This section ensures that full-time and part-time employees earn full wage replacement (up to $511 per day) for all emergency paid sick leave uses.

MISC Relief

- Economic Impact Payments
  - Makes all dependents eligible for the $500 qualifying child amount in the Economic Impact Payments made under the CARES Act, previously only applicable to children below age 17. This allows households with dependents who are full-time students below age 24 and adult dependents to also receive the $500 amount. This provision is effective retroactive to the date of enactment of the CARES Act.
- Recovery Rebates (NEW/additional)
  - Provides a $1,200 refundable tax credit for each family member that shall be paid out in advance payments, similar to the Economic Impact Payments in the CARES Act. The credit is $1,200 for a single taxpayer ($2,400 for joint filers), in addition to $1,200 per dependent up to a maximum of 3 dependents. The credit phases out starting at $75,000 of modified adjusted gross income ($112,500 for head of household filers and $150,000 for joint filers) at a rate of $5 per $100 of income. Treasury shall issue this credit as an advance payment based on the information on 2018 or 2019 tax returns.
- Rental Relief
  - Authorizes $100 billion for an Emergency Rental Assistance program that would allocate funding to states, territories, counties, and cities to help renters pay their
rent and utility bills during the COVID-19 pandemic, and help rental property owners of all sizes continue to cover their costs.

- Provides $75 billion to states, territories, and tribes to address the ongoing needs of homeowners struggling to afford their housing due directly or indirectly to the impacts of the COVID-19 pandemic by providing direct assistance with mortgage payments, property taxes, property insurance, utilities, and other housing related costs

- **Student Loan Debt**
  - Extends existing CARES Act student loan payment and consumer protections, such as debt collection prohibitions, to private loan borrowers, who are currently not covered by the CARES Act, and provides up to $10,000 in debt relief to be applied to a private student loan. The Treasury Department will make monthly payments on behalf of the borrower up to $10,000 until September 2021.