

Legislative Update

The American Rescue Plan

March 16, 2021

The background is a solid blue color. On the left side, there are several concentric circles of varying shades of blue, creating a ripple effect. On the right side, there are thin, wavy lines that sweep across the frame, also in shades of blue. The overall design is modern and abstract.

The American Rescue Plan

The American Rescue Plan

- President Biden signed into law March 11, 2021
- \$1.9 Trillion coronavirus rescue & economic stimulus bill
- One of the largest economic relief bills in American history



The American Rescue Plan

- Direct Financial Payments
 - \$1,400 stimulus payments paid directly to individuals making less than \$75,000 annually or married filing jointly couples making less than \$150,000
 - Qualified dependents also receive \$1,400/each
 - Payments to individuals making over \$75k/couples over \$150k phase out completely by \$80k/\$160k



The American Rescue Plan

- Extended Unemployment Benefits
 - Federal unemployment benefits of \$300/week extended through September 6, 2021.
 - The first \$10,200 in 2020 unemployment benefits for families making less than \$150k will be tax free.
 - The Act also provides a 100% subsidy of COBRA health insurance premiums so unemployed workers can stay on their employer healthcare plans through the end of September.



The American Rescue Plan

- Eviction & Foreclosure Moratoriums
 - Eviction and foreclosure moratoriums expire on March 31st
 - Financial assistance increased for people who are behind on mortgages, rent, and utility bills:
 - \$21.55B for emergency rental assistance thru 9/30/2027
 - \$5B for emergency housing vouchers thru 9/30/2030
 - \$750M for tribal housing
 - \$100M for rural housing
 - \$5B for people experiencing homelessness



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- Expanded Child Tax Credit
 - The Child Tax Credit increased to \$3,000 a year for each child ages 6-17, and \$3,600 for each child under the age of 6 for couples who make less than \$150,000 and single parents who make less than \$112,500.
 - Families can expect direct payments of \$300/child and \$250/child for children under 6 and aged 6-17 respectively to begin this summer.
 - The credit is refundable, meaning everyone who qualifies will get it no matter their tax situation.



The American Rescue Plan

- Student Loan Forgiveness
 - While the plan does not include student loan forgiveness, it does include a provision that any student loan forgiveness passed between now and 1/1/2026 will be tax free.



The American Rescue Plan

- Schools & Childcare Block Grants
 - \$130B to help K-12 schools reduce class sizes, improve ventilation, purchase PPE, and otherwise reopen safely.
 - \$40B for colleges and universities to provide emergency financial aid to students.
 - \$40B to childcare providers through the Child Care and Development Block grant program.
 - \$1B for the Head Start program.



The American Rescue Plan

- Help for Small Businesses
 - \$25B for a new program to assist restaurants and bars
 - \$10M per company with a limit of \$5M per physical location
 - Funds can be used to cover payroll, rent, utilities & other expenses
 - Paycheck Protection Program
 - Additional \$7.25B in funding
 - Application deadline remains 3/31/21*



The American Rescue Plan

- Pandemic Response
 - \$50B for additional COVID testing and contact tracing
 - \$19B to increase the size of public health workforce
 - \$16B to fund vaccine distribution and supply chains



The American Rescue Plan

- State & Local Governments
 - \$350B in aid to states, cities, tribal governments, and U.S. territories to help replace lost tax revenues.
- No Minimum Wage Increase
 - Raising the federal minimum wage to \$15/hour was struck from the final bill and efforts to include an amendment eventually failed.



Employee Retention Credit

(ERC)

ERC (Employee Retention Credit) 1/1/21 – 12/31/21

- January 1, 2021, the credit became available to businesses with operations that are either fully or partially suspended by a COVID-19 governmental order but only during the period the order is in force; or
- Gross receipts are less than 80% of gross receipts for the same quarter in 2019. You can use the current quarter or the quarter directly preceding for comparison
- Businesses that were not in existence in 2019 may use a comparison to 2020 for purposes of the credit.
- The credit is 70% of qualified wages, plus the cost to continue providing health benefits to the employee with a max credit of \$7000 per employee per quarter.
- The “large employer” full time employee threshold is 500.



Questions

49. How does an Eligible Employer identify the average number of full-time employees employed during 2019?

The term "full-time employee" means an employee who, with respect to any calendar month in 2019, had an average of at least 30 hours of service per week or 130 hours of service in the month (130 hours of service in a month is treated as the monthly equivalent of at least 30 hours of service per week), as determined in accordance with section 4980H of the Internal Revenue Code. An employer that operated its business for the entire 2019 calendar year determines the number of its full-time employees by taking the sum of the number of full-time employees in each calendar month in 2019 and dividing that number by 12.

20. Are tax-exempt employers eligible for the Employee Retention Credit?

Yes, organizations described in section 501(c) of the Internal Revenue Code (the "Code"), and exempt from tax under section 501(a) of the Code, may be Eligible Employers for purposes of the Employee Retention Credit if they are employers that otherwise meet the requirements to be eligible for the credit.

Qualifying health expenses include not only major medical coverage, but also dental and vision coverage and any other benefit to which the COBRA continuation rules would apply.





Families First Coronavirus Relief Act Update

(FFCRA)

FFCRA Updates

If your private-sector business has fewer than 500 employees, you can continue to provide FFCRA leave **through 9/30/21** and collect **fully refundable tax credits**.

This is optional but be consistent! The law states that employers that discriminate will be denied credits.

Each employee's ESICK/EPSL account **resets to 10 days (for full-time employees)** on April 1, 2021.

Each employee's EMFLA account **resets to 10 weeks** on April 1, 2021. Still pays at 2/3 rate of regular pay. Max pay is now \$12,000 total per employee.



Reasons for Using EPSL and EFMLA

Starting on April 1, employees can take EPSL or EFMLA for the same set of reasons, which is a useful simplification. The following are acceptable reasons for taking these leaves:

1. When quarantined or isolated subject to federal, state, or local quarantine or isolation order
2. When advised by a health care provider to self-quarantine because of COVID-19
3. When the employee is:
 - a. Experiencing symptoms of COVID-19 and seeking a medical diagnosis
 - b. Seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, COVID-19 because they have been exposed or because their employer has requested the test or diagnosis
 - c. Obtaining a COVID-19 vaccination or recovering from any injury, disability, illness, or condition related to the vaccination
4. When caring for another person who is isolating or quarantining on government or doctor's orders
5. When caring for a child whose school or place of care is closed due to COVID-19



Tax Credit Review

The tax credits available between April 1 and September 31 are the same as under the original FFCRA, except for the increased aggregate cap for EFMLA. Tax credits are available as described below, regardless of how much EPSL or EFMLA an employee used prior to April 1.

- The credit available for **EPSL** when used for reasons 1, 2, or 3 (self-care) is up to 100% of an employee's regular pay, with a limit of \$511 per day.
- The credit available for **EPSL** when used for reasons 4 or 5 (care for another) is up to 2/3 of an employee's regular rate of pay, with a limit of \$200 per day.
- The credit available for **EFMLA** for any reason is up to 2/3 of an employee's regular pay, with a limit of \$200 per day and a cap of \$12,000 per employee.

Employers can also claim a credit for their share of Medicare tax on the employee's wages and the cost of maintaining the employee's health insurance (qualified health plan expenses) during their absence.



We are answering your questions live on the air right now.

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not the chat option at the bottom of your screen.



Questions?

Please email:

questions@dominionpayroll.com

For resources, updates, webinar schedule, and FAQ's, please visit our

COVID-19 Updates & Resources page



As requirements change and laws are passed, we will update you as soon as possible.

Don't forget to wash your hands!

