



TTAA Legislative Update November 23, 2020



Situation And Actions Required On Coronavirus Stimulus Bill

During the next five weeks Congress will work to pass two important measures:

- an Omnibus Appropriations bill to fund the government for the remainder of fiscal year 2021 and to extend the authority for the Work Opportunity Tax Credit, which is due to expire on December 31st and
- a stimulus bill to alleviate economic distress for workers and businesses due to the coronavirus, with the prospect of including a new WOTC COVID-19 target group and an improved Employee Retention and Rehiring Tax Credit (ERRTC).

The House has already passed its stimulus bill, known as The HEROES Act, containing an improved employee retention tax credit renamed Employee Retention and Rehiring Tax Credit. The Heroes Act doesn't include a WOTC COVID-19 target group—it's only included in the Senate stimulus bill, known as the HEALS Act, at this time.

Senate Republicans have tried three times to pass a stimulus bill with a much lower cost than the \$2.2 trillion HEROES Act, but have been unable to obtain sixty votes required to take up the bill.

Senate Majority Leader McConnell may soon proceed on a different track. He's prepared to bring to the floor S. 4800, a bill introduced by Minority Leader Schumer that's identical to The HEROES Act.

McConnell's strategy is to show that The HEROES Act doesn't have

enough votes to pass the Senate. He'll then try again to pass a smaller, targeted, stimulus bill with a tax title from the Senate Finance Committee that includes a new COVID-19 target group for WOTC.

The tax credit for hiring unemployed workers in the new WOTC COVID-19 target group is 50 percent of the first \$10,000 of wages. Eligible workers are individuals who received jobless benefits in the week before they were hired. (See attached summary Text—Grassley HEALS Act, in the section dealing with the American Workers, Families, and Employers Assistance Act.)



Omnibus May Carry Stimulus Provisions And Tax Extenders

Federal government funding expires on December 11th and one of the final duties of the 116th Congress is to pass an Omnibus Appropriations bill to the end of FY 2021 or, if necessary, a Continuing Resolution to assure government operations.

House and Senate are keenly aware of the limited time to come together on an Omnibus. There's also a sense of urgency to pass stimulus aid, especially extending Federal extended unemployment insurance which expires at the end of December. Eight million workers face real hardship without some action on U.I., and many struggling businesses will go down without immediate help.

An omnibus and stimulus can be combined if Speaker Pelosi decides to do so—it's her call because revenue measures must originate in the House. But with time running out, Pelosi is negotiating with Senator McConnell for a compromise.

Whether there will be omnibus + stimulus, or two separate bills, depends on how Speaker Pelosi and Senator McConnell play their cards negotiating the next two weeks. If they can't agree, the only alternative is a continuing resolution, probably to the end of March, possibly combined with some stimulus aid to the end of March.



TTAA Signs onto PPP Letter

Dear Majority Leader McConnell, Speaker Pelosi, Democratic Leader Schumer and Minority Leader McCarthy:

We, the undersigned associations representing thousands of banks, credit unions, financial institutions, nonprofits and businesses of all sizes that serve America's consumers, write to urge you to immediately address the over burdensome Paycheck Protection Program (PPP) forgiveness process before the end of the year.

Congress can solve this problem and inject the equivalent of \$7 billion into our economy by passing bipartisan, common-sense legislation to streamline PPP forgiveness for small businesses on Main Street in communities across the country.

We encourage Congress to quickly consider legislation that will help countless businesses navigate the overly complex forgiveness process. S. 4117, The Paycheck Protection Program Small Business Forgiveness Act, sponsored by Senators Kevin Cramer, Bob Menendez, Thom Tillis and Kyrsten Sinema and H.R. 7777, The Paycheck Protection Small Business Forgiveness Act, sponsored by Reps. Chrissy Houlahan and Fred Upton are bipartisan and bicameral legislation introduced earlier this Congress and would reduce compliance costs by streamlining the forgiveness process for mom-and-pop businesses who received PPP loans during these unprecedented times. Additionally, passing such legislation that would expand the hold harmless protections for lenders will provide financial institutions that originated and currently service PPP loans the opportunity to focus their time and energy on providing much-needed credit and financial services to individuals and businesses by creating regulatory certainty for PPP loans in the future.

The PPP forgiveness process for millions of American businesses will begin in earnest in the coming months. Businesses have been patiently awaiting for Congress to act, hoping that an improved and streamlined forgiveness process will ensure they can focus their time, energy, and resources back into their business and communities instead of

allocating significant time and expense into completing complex forgiveness forms.

America's small businesses, and the millions of men and women who work at them, are the foundations of communities across the country and the economy and in order to assist them, we urge Congress to quickly pass legislation that would forgive PPP loans of less than \$150,000 upon the borrower's completion of a simple, one-page forgiveness document. PPP loans of \$150,000 and under account for 87 percent of total PPP recipients, but less than 28 percent of PPP loan dollars. Expediting the loan forgiveness process for many of these hard-hit businesses would save more than \$7 billion and hours of paperwork.

Data provided in an independent analysis by AQN Strategies (AQN) has shown an estimated benefit of issuing auto-forgiveness for various loan size thresholds. AQN anticipates the combined resource requirements of operators' time and/or third-party expenses to represent an effective cost of \$2,000-\$4,000 for each business that applies for forgiveness, requiring 20-100 hours of focused time from key leaders of these businesses. With an average loan size of less than \$19,000 for the smallest 60% of loans, this estimate would represent 10-20% of the loan amount itself, which is otherwise intended to support payroll, rent, and other obligations necessary to keep businesses alive and ready to restart. In addition, AQN's analysis suggests that the cost to businesses and lenders would be lower than the cost for the government to auto-forgive loans.

On behalf of our members and the millions of small businesses we serve, we urge you to improve the PPP forgiveness process and support streamlined forgiveness efforts, such as S. 4117 and H.R. 7777. Time is of the essence and we look forward to working with you to pass these critical bills. Thank you for your strong, common-sense leadership on such a critical issue.

Sincerely,

TTAA and other associations

