



# SCWA Legislative Update

## February 1, 2022



### **Congress Starts Moving On ERC, WOTC, and Business Financial Support**

When Senate action on Federal elections closed, Senator Manchin told reporters he was starting over with a new slate of ideas, and Build Back Better should be set aside--a timely thought for the governing Democrats facing another pandemic emergency requiring Congress to stabilize the economy and avoid a flood of bankruptcies.

The Build Back Better Act was passed by the House and is now before the Senate; it can be passed by the Senate and returned to the House, or it can be allowed to die in the Senate and an entirely new Omnibus Budget Reconciliation Act for Fiscal Year 2022 passed by the House.

There are other alternatives, such as a Supplemental Appropriations Bill containing emergency funds the White House wants, and working with Senate Republicans, but for Democrats to win their highest priorities—such as renewal of the Child Credit—too few Republicans would support the bill.

What's almost certain is that Speaker Pelosi and Majority Leader Schumer will opt for the same kind of bill as Build Back Better, that is, an Omnibus Budget Reconciliation Act for FY 2022, which can be passed by simple majority.

We are aware that action on the Build Back Better Act has been held up by a Continuing Resolution which expires on February 18<sup>th</sup>. This means very soon Speaker Pelosi and Leader Schumer must determine what route to take on either Build Back Better or an alternative bill.

Ideally, Democratic leaders should aim to get a bill done by March 1<sup>st</sup>. At that point, five months of Fiscal Year 2022 will have expired with the government still funded on last year's budget, creating big and wasteful management problems, especially for Defense. Time is running out.

In the tax provisions of an omnibus, small business owners strongly renew support for the Employee Retention Credit (ERC), as enacted by the American Rescue Plan on March 5, 2021 and terminated by Congress effective October 1, 2021.

The Employee Retention Credit was abruptly terminated by the Senate and House when it had barely begun. Small business strongly opposed this action at the time, for it cut off billions of dollars of COVID-19 emergency funds to support employers' hiring, payrolls, and cash flow through the end of 2021.

Small business owners will work hard for renewal of the Employee Retention Credit and enactment of the Suozzi two-year special WOTC for 2022 and 2023; renewal of VOW To Hire Heroes Act veterans target groups and recommended new WOTC target group for military spouses; and new provisions for people with disabilities, & authority to claim the credit against payroll tax.



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