TTAA Legislative Update

February 14, 2022

House And Senate Appropriations Leaders Reach Agreement On Budget Levels Of Omnibus Appropriations Bill, Huge Activity On The Hill

Bipartisan House Appropriations Committee leaders, (Rosa DeLauro, D-CT and Kay Granger, R-TX) and Senate counterparts (Patrick J Leahy, D-VT and Richard C Shelby (R-AL), have announced agreement on the top-line budget numbers for each of the twelve spending bills included in the pending Omnibus Appropriations for Fiscal Year 2022, currently scheduled for enactment by March 16th.

Depending on actions by House Speaker Nancy Pelosi and Senate Majority Leader Charles Schumer, along with President Biden's input, much more funding and tax law can be added to the bill, even turning it into a reconciliation bill that can pass the Senate by simple majority.

Whatever comes out, the Hill is now a fury of activity. Democrats see a chance to restore some of the Party's agenda, such as universal pre-school and climate change. You'll see Democratic senators and a few Republicans working furiously to save the Child Credit; and Republican, supported by a few Democrats, equally determined to hold the line on debt and inflation.

Small business goals haven't wavered since last March. Only now, because of the Omicron variant, our nation faces the prospect of more thousands of small business closures and bankruptcies. Hence - immediate tasks:

- Ameliorating impact of the Omicron variant by getting the Congress to immediately appropriate funds to cover direct cash financial needs of restaurants, retailers, and other small businesses, to stave off large numbers of bankruptcies and closures;

- Reauthorizing tax policies vital for continuing workforce recovery, especially the Employee Retention Credit; Enhanced Work Opportunity Tax Credit; and new WOTC target groups for disabled persons receiving SSDI; spouses of military service men and women; disadvantaged and foster youth (Senator Durbin's bill); ending the age 40 cap on WOTC workers receiving SNAP benefits; and

- Bringing private non-profit employers into WOTC, thereby opening millions of new jobs in health and education for WOTC workers; and

- Strengthening WOTC by allowing employers with excess credits to claim them against payroll tax.

However as we know in the legislative swirl there'll be snags and compromises.

Support For Employee Retention Credit And Emergency Aid For Small Business And Nonprofit Companies Gathering Steam

On February 8th, the House voted to pass a temporary extension of an Omnibus Budget Appropriations bill to fund the government to March 11.

The reason for moving the date from February 18th to March 11th is to complete writing the bill. Basically, the bill to be voted today will have little change from the prior one.

Hopefully, appropriators will get the job done and we'll finally have appropriations for the remainder of FY 2022.

Many expect the final bill in March to include funds for COVID-19 Omicron Relief, a slate of tax provisions, and extensions of expiring provisions.

Senator Ron Wyden (D-OR), chairman of the Senate Finance Committee, supports including the Employee Retention Tax Credit (ERTC) in the final Omnibus Appropriations bill. Senator Wyden's colleague, Senator Michael D. Crapo (R-ID), the ranking Republican on the Finance Committee, is equally supportive.

There is no decision at this point on the date another ERTC would be reauthorized or its terminated date. In the Senate, final decision on including ERTC will be made by the majority and minority Leaders, Senator Schumer and Senator McConnell.

Additionally, many small business advocates are strongly supporting the Enhanced Work Opportunity Tax Credit with improved benefits for the next two years, as proposed by Congressman Suozzi and supported by the tax chairmen of Ways and Means and Finance.

Under enhanced WOTC, employers are supporting national workforce recovery by reaching out to hire more workers in large disadvantaged populations covering welfare and food stamp recipients, veterans (and hopefully soon, service members' spouses), people with disabilities (and hopefully soon, recipients of SSDI cash disability payments), residents of empowerment zones and recovering rural areas, the long-term unemployed, and other target groups.

WOTC would be more efficient if Congress allowed employers with excess credits to claim them against payroll tax. WOTC should also be allowed to private non-profit employers, opening many good jobs in health care and education.

There is also growing urgency for Congress to provide COVID-19 emergency assistance to small businesses and nonprofit organizations, such as restaurants, franchisees, gyms, and many others who besieging Congress for cash support to meet payroll and avoid bankruptcy.

Legislating this emergency aid is in different hands because ERTC is considered as tax law and appropriations considered in a different committee, the Senate Small Business & Entrepreneurship Committee, whose chairman is the very capable Senator Ben Cardin (D-MD), also a member of the Finance Committee. Republican Senator Roger Wicker of Mississippi is Senator Cardin's colleague leading this effort.

So far, a healthy string of co-sponsors have thrown their weight behind this very important effort, and many WOTC Coalition members are joining because a business may be profitable, but without enough cash-flow they may collapse. These emergency funds go to small business and nonprofit companies, covering costs and staving off widespread bankruptcy.

ERTC and Emergency Aid are not the same thing, they complement each other. ERTC is an emergency short-term tax credit to ensure an employer can continue to make payroll for already-employed or furloughed workers.

WOTC is a long-term proven tax credit allowed employers who hire from twelve large, disadvantaged target groups; employers pay most of the wage or salary—the usual cost to the government is around $1,900.

Emergency aid, in the form of appropriated funds of the federal government, have the purpose of covering costs and preventing widespread bankruptcy of firms at risk in the entire population of small businesses and nonprofit companies.

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