



SUMMARY OF CARES ACT

This \$2 trillion stimulus package has been enacted by Congress to battle the effects of the COVID-19 pandemic. According to Louisiana's congressional delegation, this measure was designed to focus on assisting individuals and private businesses, not governmental entities; so many of the effects on local governments will be taken up in subsequent legislation.

Major Highlights

1. \$150 billion via the Coronavirus Relief Fund for state, local and tribal governments
 - Louisiana will receive \$1.25 billion plus additional funding based on population for a total of \$1.8 billion
 - Because we have no municipalities with 500K population, there will be no direct aid to locals; all the funding will be disbursed to the Governor who will then allocate funding to locals as he deems appropriate
2. \$30 billion for an Education Stabilization Fund for states, school districts and institutions of higher education for costs related to the coronavirus
3. \$45 billion for the Disaster Relief Fund for the immediate needs of state, local, tribal and territorial governments to protect citizens and help them respond and recover from the overwhelming effects of COVID-19
4. \$1.4 billion for deployments of the National Guard to support up to 20,000 members of the National Guard, under the direction of the governors of each state, for the next six months to bolster state and local response efforts
5. \$4.3 billion, through the Centers for Disease Control and Prevention, to support federal, state and local public health agencies
6. Extends the Oct. 30, 2020, Real ID implementation deadline to Sept. 30, 2021
7. \$25 billion for transit systems via existing formulas
8. \$400 million in election security grants to prevent, prepare for, and respond to coronavirus in the 2020 federal election cycle
9. Expands unemployment insurance by 13 weeks, and supplements existing benefits (\$247 per week in LA) with temporary unemployment compensation of \$600 per week
10. Enacts the Payroll Protection Program (PPP), through which the SBA is authorized to provide a new category of 7(a) loans to small businesses, self-employed individuals, and gig-workers; the loans of up to \$10 million are 100% federally guaranteed with zero-fees:
 - Up to 8 weeks of average payroll and other costs are eligible for forgiveness if the business retains (or rehires) its employees and maintains their pay levels

- The maximum size of these loans will be \$10 million; however, the size of these loans will be subject to a formula that is the equivalent of 250% of an employer's average monthly payroll
 - Loans will be available immediately through existing SBA-certified lenders and many additional lenders will be brought into the program over the next few weeks
 - Principal and interest is deferred for up to a year. Any loan amount not forgiven will have a loan term of not more than ten years, with a maximum interest rate of 4%
11. Provides for advances on Economic Injury Disaster Loans for small businesses up to \$10,000
 12. Provides debt relief through payment of all principal, interest, and fees on SBA loans for six months
 13. Delays payroll tax payments for employers until 2021 and 2022, after which employers will have two years to pay back those taxes
 14. Enacts an optional refundable employer payroll tax credit of 50% of wages on the first \$10k of wages per employee
 - Eligible wages are those incurred March 13th through end of the year
 - Large businesses only qualify if they had to shut down, subject to a government order
 - Small businesses qualify if: 1) they had to close subject to a government shutdown order; or 2) their gross receipts dropped by 50% from the same period in 2019
 15. Provides a \$1,200 direct payment to taxpayers with \$500 for each dependent child for those individuals making less than \$75,000 per year (\$112,500 for head of household and \$150,000 for married couples)
 - the amount of the direct deposit or check is phased out by \$5 for each \$100 exceeding the phase-out threshold, resulting in a rebate drop to zero for incomes exceeding \$99,000 per year for individuals (\$146,500 for head of household filers and \$198,000 for joint filers)