

Congress Enacts Several New Laws to Address COVID-19

Articles, COVID 19: Answers to Business Challenges March 27, 2020

On January 19, 2020, a 35-year old man visited an urgent care clinic in Snohomish County, Washington with a cough and fever. The next day, tests confirmed what his doctors already suspected: he had the coronavirus (COVID-19). It was the first confirmed case in the United States.[1]

Since then, Congress has enacted two new laws to address the growing crisis; a third law is on the way. These new laws affect millions of individuals, small and large business, and government bodies. This article will summarize key provisions in the new laws. Please contact our firm if you have any questions.

CORONAVIRUS PREPAREDNESS AND RESPONSE SUPPLEMENTAL APPROPRIATIONS ACT, 2020

On March 6, 2020, President Trump signed the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (“Act”) into law. It provided about \$8 billion in funding to federal agencies to respond to COVID-19. Most of the funding went to the U.S. Department of Health and Human Services for developing, manufacturing, and procuring vaccines and other medical supplies; the money also provided grants to various public health agencies and organizations.

In addition, the Act allocated \$20 million for the Small Business Administration disaster loans program. This program provides low-interest loans to small businesses impacted by the COVID-19 outbreak.

FAMILIES FIRST CORONAVIRUS RESPONSE ACT

Slightly less than two weeks later – on March 18, 2020 – President Trump signed the Families First Coronavirus Response Act (“Families First Act”) into law. The Families First Act has several key provisions:

- *Paid Sick Leave and Expanded Family and Medical Leave:* the Families First Act requires certain employers to provide employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19. These leave provisions generally apply to private employers with fewer than 500 employees, as well as some public employers. Small businesses with fewer than 50 employees may qualify for an exemption in certain circumstances.
- *Unemployment Aid:* the Families First Act increases unemployment benefits by providing nearly \$1 billion in state grants, as well as other assistance.
- *Free COVID-19 testing:* the Families First Act made testing for COVID-19 free to the public through a series of waivers.

CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT)

One week later – on March 25, 2020 – the U.S. Senate unanimously passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The U.S. House of Representatives is expected to pass the law soon. President Trump will sign it into law shortly thereafter.

The CARES Act contains roughly \$2.2 trillion in funding to combat the economic fallout caused by COVID-19, making it the largest stimulus package in American history. Here are some of the key provisions; keep in mind, however, that the Senate bill has not become law yet so changes could still occur:

- *Lending Program for Businesses and State and Local Governments:* the CARES Act provides about \$500 billion in loans and loan guarantees for businesses, states, and municipalities. A small percentage of this money is designated to specific industries; for example, the airline industry will receive \$25 billion. However, the vast majority of the money (\$454 billion) is for loans or loan guarantees that will be distributed by the Secretary of the Treasury. Congress also imposed several restrictions on how this money can be spent.
- *Assistance for Small Businesses:* the CARES Act provides loans totaling roughly \$350 billion to help small businesses (up to 500 employees) cover expenses like payroll, rent, and utilities. Portions of these loans may be forgiven depending on how the business uses the money.
- *Direct Payments to Individuals:* the CARES Act will provide one-time payments of \$1,200 for most adults or \$2,400 for married persons. The payment amount is reduced for individuals making more than \$75,000 or married persons making more than \$150,000.
- *Aid to States and Local Governments:* the CARES Act provides about \$150 billion in assistance to states and local governments.
- *Expanded Unemployment Insurance:* Unemployment benefits will increase by \$600 per week over the current level in each state. Unemployment checks will continue for a longer time period, and more people (such as independent contractors and freelance workers) will be eligible for unemployment checks.

NEXT STEPS

The CARES Act is the latest piece of legislation prepared by Congress to tackle COVID-19, but it may not be the last. We will provide new information as it develops. If you have any questions relating to COVID-19, please contact us. We are ready to help you through this challenging time.

Contact Shane Miller for additional information.

[1] See First Case of 2019 Novel Coronavirus in the United States, THE NEW ENGLAND JOURNAL OF MEDICINE, available at <https://www.nejm.org/doi/full/10.1056/NEJMoa2001191>