



Thursday, March 26, 2020

Dear HAWDC Member:

Last night, the Senate passed the CARES Act, a \$2 trillion relief package in response to the COVID-19 pandemic. The bill will now go to the House where they expect to pass it by voice vote Friday morning and signed by the President soon after. A summary of what is in the bill is below:

- **Small businesses:** \$350 billion is being dedicated to prevent layoffs and business closures while workers have to stay home during the outbreak. Companies with 500 employees or fewer that maintain their payroll during coronavirus can receive up to 8 weeks of cash-flow assistance. If employers maintain payroll, the portion of the loans used for covered payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven.
- **Large corporations:** \$500 billion will be allotted to provide loans, loan guarantees, and other investments, overseen by a Treasury Department inspector general. These loans will not exceed five years and cannot be forgiven.
- **Payroll tax credits:** Employers are eligible for a 50 percent refundable payroll tax credit on wages paid up to \$10,000 during the crisis. The credit would be available to employers whose businesses were disrupted due to virus shutdowns and those that had a decrease in gross receipts of 50 percent or more when compared to the same quarter last year. The credit can be claimed for employees who are retained but not currently working due to the crisis for firms with more than 100 employees, and for all employee wages for firms with 100

or fewer employees.

- **Payroll taxes:** The measure allows individuals to delay the payment of their 2020 payroll taxes until 2021 and 2022.
- **State and local governments:** States and local governments will get \$150 billion, with \$8 billion set aside for tribal governments.
- **Direct payments:** Americans will receive a one-time direct deposit of up to \$1,200, and married couples will get \$2,400, plus an additional \$500 per child. The payments will be available for incomes up to \$75,000 for individuals and \$150,000 for married couples. This is true even for those who have no income, as well as those whose income comes entirely from non-taxable, means-tested benefit programs, such as Social Security.
- **Use of retirement funds:** The bill waives the 10% early withdrawal penalty for distributions up to \$100,000 for coronavirus-related purposes, retroactive to Jan. 1.
- **The unemployed:** The program's \$250 billion extended unemployment insurance program expands eligibility and offers workers an additional \$600 per week for four months, on top of what state programs pay. It also extends UI benefits through Dec. 31 for eligible workers. The deal applies to the self-employed, independent contractors and gig economy workers.
- **Hospitals and health care:** The deal provides over \$140 billion in appropriations to support the U.S. health system, \$100 billion of which will be injected directly into hospitals. The rest will be dedicated to providing personal and protective equipment for health care workers, testing supplies, increased workforce and training, accelerated Medicare payments, and supporting the CDC, among other health investments.
- **Coronavirus testing:** All testing and potential vaccines for COVID-19 will be covered at no cost to patients.
- **Airlines:** Airlines will receive \$50 billion (of the \$500 billion) for passenger air carriers, and \$8 billion for cargo air carriers.

Regards,
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