

ACEC Update on Coronavirus Response Legislation

March 2020

ACEC

AMERICAN COUNCIL OF ENGINEERING COMPANIES

Tampa International Airport SkyConnect Automated People Mover
and Consolidated Rental Car Center
Walter P. Moore
2019 EEA Honor Award

An aerial photograph of Niagara Falls State Park and the falls. The top half shows the turbulent water of the Niagara River flowing towards the falls. The middle section features the massive, white-water cascade of the falls, with a large plume of mist rising from its base. The bottom half shows the lush green parkland, including walking paths, a large circular building, and surrounding trees. The text is overlaid on the left side of the image.

Three Packages:

- Supplemental appropriations
- Emergency paid leave and tax credits
- Economic stimulus (CARES Act)
- [acec.org/conferences/coronavirus](https://www.acec.org/conferences/coronavirus) for detailed guidance and information

Supplemental appropriations

- \$6.2 billion for HHS public health funding
- \$1.6 billion for international response
- \$20 million for SBA disaster loans program

Lake Peachtree Spillway Replacement
Schnabel Engineering
2019 EEA Grand Award





Emergency leave

Families First Coronavirus Response Act

- Emergency paid FMLA leave
- Emergency paid sick leave
- Employer payroll tax credits
- Required for firms with fewer than 500 employees
- Hardship exemption for firms with fewer than 50 employees





Emergency paid FMLA leave

Leave for employees who cannot work or telework while caring for a minor child due to a school or daycare closure.

- Up to 12 weeks
- First 10 days unpaid; employee can choose to use regular PTO during this period
- Paid at 2/3 of employee's regular pay rate
- Not to exceed \$200 per day/\$10,000 in aggregate



Emergency paid sick leave

Leave for employees under a government quarantine or isolation order, doctor's advice to self-quarantine, or experiencing symptoms of COVID-19 and seeking diagnosis.

- Up to 80 hours for full-time employees
- Average hours over two-week period for part-time employees
- Paid at greatest of: (1) employee's regular rate; (2) federal minimum wage; or (3) state/local minimum wage
- Not to exceed \$511 per day/\$5,110 in aggregate



Emergency paid sick leave (cont.)

Leave for employees caring for another person subject to or advised to quarantine, or employees experiencing substantially similar conditions to COVID-19.

- Up to 80 hours for full-time employees
- Average hours over two-week period for part-time employees
- Paid at greatest of: (1) employee's regular rate; (2) federal minimum wage; or (3) state/local minimum wage
- Not to exceed \$200 per day/\$2,000 in aggregate



Employer payroll tax credits

Employers whose employees use the emergency paid leave can claim a refundable payroll tax credit to offset the cost of the leave.

- 100% reimbursement for emergency paid leave
- An immediate dollar-for-dollar offset against payroll taxes will be provided
- IRS will send refunds in an expedited manner
- More guidance coming from the IRS



Economic stimulus

CARES Act

- Business tax relief
- Small business assistance
- Treasury Exchange Stabilization Fund
- Funding for infrastructure client sectors





Business tax relief

- Deferral of payment of the employer portion of the Social Security tax, with half due by December 31, 2021 and the other half due by December 31, 2022
- Allows net operating losses arising in 2018, 2019 and 2020 to be carried back for five years
- Modifies the loss limitation applicable to passthroughs and sole proprietors so they can utilize excess business losses and access cash flow



Business tax relief (cont.)

- Increases business interest deductibility from 30 to 50 percent for 2019 and 2020
- Provides a refundable payroll tax credit for employers whose operations are partially or fully suspended by a COVID-19 shutdown order or whose gross receipts declined by more than 50 percent compared to the same quarter in the prior year
- Provides a technical fix for the qualified leasehold improvement provision in the TCJA



Small Business Assistance

The law creates the Paycheck Protection Program to assist qualifying small businesses, nonprofits, and individuals through the Small Business Administration's 7(a) loan program. \$349 billion is authorized for 7(a) lending from Feb. 15 through June 30, 2020 and SBA would fully guarantee the loans. Eligible recipients:

- Any business, 501(c)3 nonprofit, veterans group, or tribal business with fewer than 500 employees, or a number set by the SBA for the relevant industry, whichever is greater.
- Sole proprietors, independent contractors, and eligible self-employed workers would be eligible.



Small Business Assistance

- Eligible recipients could receive loans up to \$10 million or 250% of their average monthly payroll costs, with interest rates capped during the covered period at 4%.
- Loans can be used to cover eligible payroll costs -- salaries, commissions, regular paid leave, health-care benefits, mortgage interest and utility payments.
- Firms would be required to make a “good faith certification” that funds will be used to retain workers, maintain payroll, and pay for rent and similar expenses.
- Ineligible expenses include employee/owner compensation over \$100,000, or to pay for emergency sick or family leave under the second coronavirus response package.



Small Business Assistance

- Recipients of SBA-guaranteed loans under the Paycheck Protection Program can apply for loan forgiveness over eight weeks for eligible payroll costs and for mortgage interest, rent, and utility payments -- SBA would pay lenders for any canceled debt plus accrued interest.
- Loan forgiveness would be reduced for businesses that fire employees or cut their pay.
- Canceled debt would be excluded from borrowers' gross income for tax purposes.
- The law also authorizes SBA to pay the principal, interest, and associated fees for loans under the 7(a), 504 and microloan programs for six months.



Treasury Department Exchange Stabilization Fund

\$500 billion included in the package for loans, loan guarantees, and other investments to U.S based businesses, states, and municipalities:

- \$25 billion for passenger airlines, ticket agents, and aviation inspection and repair services.
- \$17 billion for businesses critical to national security.
- \$4 billion for cargo airlines.
- \$454 billion for loans, loan guarantees, and other investments to support programs or facilities established within the Federal Reserve, which could be used to purchase obligations or other interests from businesses, states, or municipalities directly or in secondary markets.



Infrastructure Assistance

\$25 billion for mass transit systems

- for operating expenses to prevent, prepare for, and respond to COVID-19, and reimbursement for lost revenue
- Distributed under current transit program formulas

\$10 billion for airports

- \$7.4 billion available for any purpose, distributed 50/50 by number of enplanements and ratio of overall debt service
- \$2 billion for AIP formula grants, available for any purpose
- \$500 million to cover the 100% federal cost share of FY20 programs

\$1 billion for passenger rail

- \$492 million for Amtrak Northeast Corridor, to prevent,



Stimulus/Recovery Phase IV

Potential Components:

- Reauthorization/extension of the FAST Act
- Water Resources Development Act (WRDA)
- Additional assistance to individuals, businesses.
- Addressing intended consequences from previous stimulus packages.
- April/May timeframe likely.



Questions?

