

December 22, 2020

TO: ALL MEMBERS OF THE
PENN-DEL-JERSEY CHAPTER, NECA

FROM: AARON R. KELLEY,
GOVERNMENT AFFAIRS COORDINATOR

RE: FEDERAL APPROPRIATIONS & COVID-19 OMNIBUS BILL

Last night, Congress passed a FY2021 Appropriations and COVID-19 Omnibus Bill with many provisions affecting small businesses. President Trump plans to sign this Bill later today.

Below is a summary of the Bill's provisions relevant to you and your employees. Please note that web pages linked below will likely **not** yet reflect changes made by this Bill's passage.

FFCRA Paid Sick Leave:

- Existing [FFCRA Paid Sick and Family & Medical Leave](#) payroll tax credits are extended through March 31, 2021.

Paycheck Protection Program (PPP):

- Clarifies that forgiven [PPP loan](#) funds will not be considered taxable income,
- Clarifies that deductions are allowed for expenses paid with forgiven PPP loan funds, (effective for all PPP loan funds past or present),
- Adds PPE expenses and supplier costs as forgivable PPP loan expenses,
- Authorizes a second forgivable PPP loan for small businesses and non-profits with 300 or fewer employees if they can demonstrate a loss of 25% of gross receipts in any quarter during 2020 when compared to the same quarter in 2019;
- Simplifies the forgiveness process for PPP loans of \$150,000 or less,
- Repeals requirement to deduct EIDL Advance grants from PPP forgiveness amount.

Economic Injury Disaster Loan (EIDL) Grant Program:

- [Economic Injury Disaster Loan](#) Grants will be given the same tax treatment as forgiven PPP loans regarding loan forgiveness and deductible business expenses,
- \$20 billion will be available for EIDL Advance grants; \$10,000 grants will be available to small businesses and nonprofits in low-income communities.

Employee Retention Tax Credit:

- Refundable [Employee Retention Tax Credit \(ERTC\)](#) (not eligible with outstanding PPP loan) is extended through July 2021 with the following changes:
 - Increased credit rate from 50% to 70%,
 - Increased limit on per-employee creditable wages from \$10,000 for the year to \$10,000 for each quarter,
 - Reduction of required year-over-year decline in gross receipts from 50% to 20% to be eligible for this credit,
 - Increase of the ‘large employer’ definition from 100 employees to 500 employees.

Unemployment Insurance:

- Additional \$300 per week to supplement all state and federal unemployment benefits, starting after December 26, 2020 and ending March 14, 2021.

Direct Stimulus Payments:

- \$600 stimulus payment to individual tax filers earning up to \$75,000,
- \$600 stimulus payment to “heads of household” earning up to \$112,500,
- \$1,200 stimulus payment to married couples filing jointly earning up to \$150,000,
- \$600 additional stimulus payment for every eligible child dependent,
- Payments reduced by 5% of adjusted gross income exceeding the thresholds above.

Reverse Auctions Prohibited for Federal Construction:

- Within 180 days, the federal government will be prohibited from awarding construction contracts through the “reverse auction” procurement method.

The Chapter will distribute additional details about this Bill’s legal provisions and programmatic changes via email as soon as they become available.

If you have any questions, please contact me at akelley@neca-pdj.org. Thank you.

Very Respectfully,

ARK