



## The Coronavirus Aid, Relief and Economic Security Act Legislative Summary

Congress the week of March 23 passed the Coronavirus Aid, Relief and Economic Security (CARES) Act on a broad bipartisan basis, sending the bill to the President, who is expected to sign the bill into law. The CARES Act is the third piece of legislation passed in response to COVID-19, also known as coronavirus.

The CARES Act provides over \$2 trillion in economic relief to individuals, small businesses, state and local governments, as well as other economically distressed industries in the form of grants, guaranteed loans or direct payments. An estimated \$300 billion is set aside for direct cash payments to individuals and families from the U.S. Treasury. Apart from direct payments, the bill also includes \$330 billion in supplemental appropriations, of which \$114 billion would be directed at transportation-related needs.

Of interest to ARTBA members, the CARES Act addresses concerns raised in a [March 17 letter](#) to congressional leadership that small businesses could be jeopardized by the new leave requirements passed in the Families First Coronavirus Relief Act (FFCRA). These concerns were addressed in additional aid to support small businesses.

Major components of the legislation include:

### **Business-related Support:**

#### **Relief for Small Businesses**

- Provides \$350 billion in Paycheck Protection Program to provide Small Business Administration loan assistance to businesses employing fewer than 500.
  - Up to \$10 million in loans per company may be provided to maintain cash flows and help offset costs of enhance emergency paid sick leave and emergency paid family medical leave, as required by the FFCRA.
  - Loans may be used to support payroll, mortgages, rent, utilities or other actions to prevent layoffs or costs associated with providing emergency paid sick leave and emergency paid family medical leave.
  - Loans will be forgiven if businesses maintain payrolls.
- Provides \$10 billion in emergency grants for small businesses to cover immediate operating costs .
- Provides \$17 billion to cover up to six months of payments for businesses already using Small Business Administration loans.

- Provides advanced refunding of payroll tax credits passed in the Families First Coronavirus Response Act (FFCRA) for up to 50 percent of wages paid by employers to employees who faced fully or partially suspended operations due to COVID-19 or if gross receipts declined more than 50 percent in comparison to prior years.
- Postpones employer payroll taxes with 50% due Dec. 31, 2021; the remaining 50% due Dec. 31, 2022.

### **Employee Retention Tax Credit**

- Establishes a fully refundable tax credit for any business fully or partially closed as a result of COVID-19.
  - The tax credit is designed to help businesses restore or maintain existing payroll.
  - Eligible up to \$10,000 in qualified wages per employee.

### **Relief for Individuals**

- Up to \$1,200 in direct payments to individuals and \$500 per child.
  - Payments begin phasing down for individual income levels higher than \$75,000 per year and those with incomes higher than \$99,000 would receive no direct payments.
- Waives early withdrawal penalties for retirement plans up to withdrawals of \$100,000.
- Temporarily waives retirement minimum distribution rules.
- Boosts unemployment benefits by an additional \$600 per week for up to four months.

### **Transportation-related Support:**

#### **Transit**

- \$25 billion for Transit Infrastructure Grants to support operations and capital expenses using existing Federal Transit Administration formulas:
  - Urban, Rural, State of Good Repair, and Fast Growth & High Density
  - Grants must be used to support activities related to the COVID-19 state of emergency.
- \$1.018 for the national Amtrak network.
  - \$492 million in grants for the Northeast Corridor.
  - \$526 million in National Network grants.

#### **Airlines and Airports**

- \$9.4 billion for commercial airports to use for operating expenses to help offset the impacts of the coronavirus downturn in airport business.
- \$100 million in aid for general aviation airports.
- \$500 million to help airports meet their non-federal share requirements for their FY 2020 Airport Improvement Program capital investment grants.

#### **Harbor Maintenance Trust Fund**

- Budgetary provision that would deem future expenditures from the Harbor Maintenance Trust Fund (HMTF), up to the level of the previous year's collected revenue, as "off-budget" or "mandatory" spending. This would ensure all future HMTF user fee revenues are invested in port, harbor, and waterway infrastructure improvements in a timely manner.

**Support for State and Local Governments: \$150 billion**

- Grants provided to state and local governments.
- Allocated by population, with a minimum of \$1.25 billion per state.
- Aid must be used for coronavirus-related response purposes or activities not accounted for in the budget most recently approved by a state or local government.
- Aid must be spent between March 1, 2020 and December 31, 2020.

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While Congress plans to be on recess through at least April 20, work is expected to continue on additional COVID-19 response legislation.

For more information contact:

Dean Franks, senior vice president, congressional relations  
[dfranks@artba.org](mailto:dfranks@artba.org)

or

Lauren Schapker, vice president, legislative affairs  
[lschapker@artba.org](mailto:lschapker@artba.org)