

## **NECA Alert: Phase II of Coronavirus Response Package to be Signed Into Law**

I would like to give you an update on the second phase of the Coronavirus response bill, the **Families First Coronavirus Response Act (H.R.6201)**. Congress passed this legislation on March 18 and President Trump is expected to sign this bill as soon as it is presented to him.

There has been a great amount of misinformation in the press and across the industry concerning the specifics of this bill. I want you to know our Government Affairs staff has been working around the clock to not only get us the best information, but to ensure that there would be changes made to this legislation that will provide extensive relief to our contractors around America. Please know that the legislative process remains fluid and this bill is the second in a series of at least three bills designed to address this crisis.

We are pleased that we were able to work with Members of Congress to address many of the concerns related to paid sick leave and paid family leave. NECA Government Affairs was able to secure key changes in the legislation to restrict the economic impact of the Coronavirus on many of our contractors.

The Phase II bill (H.R. 6201) that passed the Senate today states that the paid sick and family leave mandate is optional for businesses with less than 50 employees and makes no mandate or credit for businesses with more than 500 employees. The new provision ensures that **no business** will be saddled with a financial liability larger than the payroll tax credit it receives.

There will be many hurdles to overcome for both employers and employees as the full repercussions of COVID-19 continue to unfold. NECA recommends consulting legal counsel in order to fully comply with this new law and take advantage of the tax relief offered to employers during this crisis.

Before Phase II was finalized, lawmakers began working on Phase III of the coronavirus response package and NECA has been and continues to be at the forefront of these negotiations ensuring that the electrical contracting industry receives the economic relief it needs. Numerous NECA contractors have provided feedback on what would be helpful to their businesses and NECA is working to make sure those concerns are met in Phase III.

We will continue to keep you informed as Phase III progresses through the legislative process. Below are helpful links and a full summary of the Families First Coronavirus Response Act.

[Helpful Links on Phase II, Families First Coronavirus Response Act](#)

**[Full Bill Text](#)**

**[Full Technical Taxation Implementation- Joint Committee on Taxation](#)**

**[EXECUTIVE SUMMARY: FAMILIES FIRST CORONAVIRUS RESPONSE ACT](#)**

## **Tax Provisions**

### **[Tax Credits for Paid Sick and Paid Family and Medical Leave]**

- This division would provide 100 percent refundable tax credits to employers with regard to two categories of paid sick and family leave (described below) that employers must grant to employees under the bill to address employment interruptions related to COVID-19.
- The tax credits would be administered by the IRS and be creditable against employer-side payroll tax liability, with any excess refunded to the employer.
- Refundable tax credits similar in scope and amount would be available to self-employed workers facing the same employment interruptions.
- Payments to employees would be taxable income to the employees and subject to employee-side payroll taxes, but not subject to the employer portion of payroll taxes.
- The provision sunsets on December 31, 2020.
- The bill would provide that Treasury generally make payments to possessions for the costs of these credits.

### **Payroll Credit for “Qualified Sick Leave Wages”**

#### **[Emergency Paid Sick Leave Act]**

- Under the bill, certain employers would be required to provide 80 hours (or 2 weeks) of fully paid leave to full-time employees (pro-rata rules would apply to part-time employees) on top of any other existing paid leave program of the employer to cover employees not working for the following reasons:
  - (1) the employee is subject to a Federal, State, or local quarantine or isolation order related to coronavirus;
  - (2) the employee has been advised by health care provider to self-quarantine due to coronavirus;
  - (3) the employee is experiencing symptoms of coronavirus;
  - (4) the employee is caring for an individual who is subject to an order described in (1) or has been advised as described in (2);
  - (5) the employee is care for their child because the school is closed, or childcare provider is unavailable due to coronavirus; or
  - (6) the employee is experiencing a similar condition specified by Secretary of HHS.
- Employers would be required to pay employees their full wages, not to exceed \$511 per day and \$5,110 in the aggregate, for a use described in (1), (2), or (3) above.
- Employers would be required to pay employees two-thirds of their wages, not to exceed \$200 per day and \$2,000 in the aggregate, for a use described in (4), (5), or (6) above.
- **Employers would receive a 100 percent refundable payroll tax credit on the wages required to be paid.**

- The requirement to provide the paid leave would apply to all public sector employers and those private sector employers with less than 500 employees. The tax credit eligibility would only apply to those private sector employers with less than 500 employees.
- Secretary of Labor has authority to issue regulations to exempt small businesses with fewer than 50 employees if the above requirements would jeopardize the going concern of the business.

### **Payroll Credit for “Qualified Family Leave Wages” [Emergency Family and Medical Leave Expansion Act]**

- Employers would also generally be required to provide ten weeks of paid leave. Employers would be required to pay employees two-thirds of their wages, not to exceed \$200 per day and \$10,000 in the aggregate.
- This leave would cover employees who are not working because the employee is caring for their child because the school is closed, or childcare provider is unavailable due to a public health emergency.
- The requirement to provide the paid leave would apply to all employers with less than 500 employees. Federal, state, and local governments are not eligible for the Credit.
- **Employers would receive a 100 percent refundable payroll tax credit for the wages required to be paid.**
- Secretary of Labor has authority to issue regulations to:
  - (1) exclude certain health care providers and emergency responders from the definition of eligible employee; and
  - (2) exempt small businesses with fewer than 50 employees if the above requirements would jeopardize the going concern of the business.

### **Unemployment Provisions [Emergency Unemployment Insurance Stabilization and Access Act of 2020]**

**Section 4101. Short Title.** The short title for the division is the Emergency Unemployment Insurance Stabilization and Access Act of 2020.

#### **Section 4102. Emergency Transfers for Unemployment Compensation**

**Administration.** This section provides \$1 billion in 2020 for emergency administration grants to states for activities related to processing and paying unemployment insurance (UI) benefits, under certain conditions.

\$500 million would be used to provide immediate additional funding to all states for staffing, technology, systems, and other administrative costs, so long as they met basic requirements about ensuring access to earned benefits for eligible workers. Those requirements are:

- Require employers to provide notification of potential UI eligibility to laid-off workers.
- Ensure that workers have at least two ways (for example, online and phone) to apply for benefits.

- Notify applicants when an application is received and being processed and if the application cannot be processed, provide information to the applicant about how to ensure successful processing.
- States would be required to report on the share of eligible individuals who received UI benefits and the state's efforts to ensure access within one year of receiving the funding. The funding would be distributed in the same proportions as regular UI administrative funding provided through annual appropriations.
- \$500 million would be reserved for emergency grants to states which experienced at least a 10 percent increase in unemployment. Those states would be eligible to receive an additional grant, in the same amount as the initial grant, to assist with costs related to the unemployment spike, and would also be required to take steps to temporarily ease eligibility requirements that might be limiting access to UI during the COVID-19 outbreak, like work search requirements, required waiting periods, and requirements to increase employer UI taxes if they have high layoff rates. Depending on the state, those actions might require changes in state law, or might just require changes in state policy. This section also provides temporary federal flexibility regarding those UI restrictions which are also in federal law.

**Section 4103. Temporary Assistance for States with Advances.** This section provides states with access to interest-free loans to help pay regular UI benefits through December 31, 2020, if needed.

**Section 4104. Technical Assistance and Guidance for Short-Time Compensation Programs.** This section requires the Secretary of Labor to provide technical assistance to states that want to set up work-sharing programs, in which employers reduce hours instead of laying employees off, and then employees receive partial unemployment benefits to offset the wage loss.

**Section 4105. Full Federal Funding of Extended Unemployment Compensation for a Limited Period.** For states that experience an increase of 10 percent or more in their unemployment rate (over the previous year) and comply with all the beneficiary access provisions in section 102, this section provides 100 percent federal funding for Extended Benefits, which normally require 50 percent of funding to come from states. Extended Benefits are triggered when unemployment is high in a state and provide up to an additional 26 weeks after regular UI benefits (usually 26 weeks) are exhausted.