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POLITICS

What's in the \$2 Trillion Senate Coronavirus Bill

How households, businesses, taxes and more are affected by the package



The stimulus package adds \$27 billion to an emergency fund that could give a boost to dozens of projects by pharmaceutical companies and academic groups developing drugs and vaccines against coronavirus. Here, people carry donated boxes of N95 masks.

PHOTO: JERRY HOLT/STAR TRIBUNE/ASSOCIATED PRESS

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The Senate's \$2 trillion emergency aid bill is nearing the finish line in Congress, as lawmakers moved to cushion the economic impact of the coronavirus outbreak. Here is

a look at the major pieces of the package, and how households and businesses are set to benefit, based on where the legislation stood late Wednesday.

We've broken it into four parts: the top lines, households and workers, business and banking, and personal finance and taxes.

THE TOP LINES

- \$250 billion to make unemployment insurance available to more categories of workers and to extend the duration of benefits to 39 weeks from the 26 weeks typical in most states. It would also provide an extra \$600 a week for four months.
- \$301 billion in direct payments to households.
- \$349 billion in loans to small businesses, with the amount spent on payroll, rent or utilities converting into grants that don't have to be repaid.
- \$500 billion for loans, loan guarantees or other aid to businesses, states and municipalities—including the possibility that the government will take direct equity stakes in distressed companies. Of the total, \$29 billion is set aside for cargo and passenger airlines, and \$17 billion is for businesses deemed critical to national security, such as Boeing. The remaining \$454 billion would go to backstop losses in lending facilities established or expanded by the Federal Reserve.
- \$32 billion in grants to cover wages at passenger air carriers, cargo air carriers and contractors.
- \$150 billion in direct aid to states, distributed according to population size. A municipality could apply to receive aid directly, reducing the amount available to the rest of the state.
- \$221 billion in a variety of tax benefits for businesses, including allowing businesses to defer payroll taxes, which finance Medicare and Social Security, for the rest of the

year. It would also temporarily allow businesses to claim deductions using today's losses against past profits to claim quick refunds for cash infusions.

- \$340 billion in supplemental spending, which includes \$117 billion for hospitals and veterans' care. It also includes \$25 billion mostly for public transit to make up for revenue lost because of dwindling ridership.

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HOUSEHOLDS AND WORKERS

Checks to individuals

The bill provides for direct payments of \$1,200 to adults and \$500 per child to American households, structured as tax refunds to allow the IRS to distribute the funds quickly. There is no provision for future direct payments in the event the economic disruption lasts into the later spring. The direct grants are phased out for upper income brackets, starting with \$75,000 of individual income. The grants aren't available at all, for example, for individuals without children making more than \$99,000 and married couples without children making more than \$198,000. —*Siobhan Hughes*



A doctor with the Haight Ashbury Free Clinic speaks with a person on the street last week.

PHOTO: JOSH EDELSON/AGENCE FRANCE-PRESSE/GETTY IMAGES

Unemployed workers

The deal would extend the duration of jobless benefits to 39 weeks from 26 available in most states, and includes a \$600-a-week increase for the first four months, with the bonus payment available through July 31. These benefits would be extended to contract workers, freelancers and other nontraditional workers, who lack benefits in some states. The aim is to replace lost wages as completely as possible. —*Siobhan Hughes*

Gig Workers and Freelancers

The bill expands some benefits and grants to independent contractors, such as Uber drivers and freelance film editors, that normally go only to employees or small businesses. For example, it extends unemployment benefits to self-employed workers, including independent contractors, freelancers and other nontraditional workers who are unemployed, partially unemployed or unable to work because of Covid-19. It includes a \$600-a-week increase on top of current levels of unemployment benefits for

four months. Independent contractors also can apply for the \$10 billion set aside for emergency EIDL—economic injury disaster loan—funds, which are normally available only to a narrower category of small businesses. —*Lauren Weber*

BUSINESS AND BANKING

Airlines

For passenger airlines, the bill includes \$25 billion in direct funding for worker salaries and benefits, as well as up to \$25 billion in loans and loan guarantees. The bill hews to what airlines had been asking for. Carriers had lobbied aggressively for direct grants rather than just loans, warning that without an immediate infusion of cash, they would have to make sharp job cuts. “This is not a corporate bailout; it’s a rescue package for workers,” Sara Nelson, president of the Association of Flight Attendants-CWA, said.

The bill also includes \$3 billion in assistance to keep paying contract workers that provide airline catering, baggage loading, ticketing and check-in, and other services at airports. Cargo airlines will be eligible to receive \$4 billion in loans and guarantees, and \$4 billion in payroll assistance.

In exchange for the payroll grants, carriers must agree not to furlough, lay off or cut pay for employees until Sept. 30. Assistance also hinges on companies agreeing not to buy back shares or pay dividends, and to limits on executive compensation.

The package also allows the Transportation Department to direct airlines to maintain specific flights based on their schedules on March 1, before carriers had instituted the deepest cuts to their flying. This would include services to rural communities and to support delivery of health-care-related cargo. —*Alison Sider*

Auto Industry

The closure of nearly all of the country’s assembly plants has forced thousands of manufacturers throughout the industry’s supply chain into a sudden cash crunch. The



For passenger airlines, the bill includes \$25 billion in direct funding for worker salaries and benefits.

PHOTO: NICK OXFORD/REUTERS

bill's authorization of up to hundreds of billions of dollars in loans should help. "If not

for that, I would foresee quite a bit of bankruptcies,” said Jeremy Rice, automotive practice lead at accounting firm Mazars U.S.A. One omission: Industry lobbyists have asked to push back implementation of the new North American trade deal, which will require adjustments to manufacturing footprints for some cars to still qualify for duty-free status. As of now, that deal is still set to enter into force on June 1. —*Ben Foldy*

Banks

The bill delays implementation of a new accounting rule that would have required banks to sock away reserves for any estimated loan losses all at once, instead of spreading them out over the life of the loan. FDIC Chairman Jelena McWilliams and others had expressed concern that the rule would tie up funds banks could otherwise lend to struggling consumers and businesses.

The bill gives the Office of the Comptroller of the Currency the authority to allow banks to make loans that would typically trip up size restrictions. Smaller community banks with less than \$10 billion in assets get more lending flexibility through a higher maximum leverage ratio and more wiggle room if they exceed it. Banks will also get more leeway on how they account for troubled consumer loans, allowing them to work with struggling borrowers who have fallen behind on their payments. —*David Benoit*

Boeing

Boeing Co. stands to have access to \$17 billion in loans and loan guarantees for “businesses critical to maintaining national security,” according to congressional officials and a senior aviation industry executive closely tracking the legislation. The Chicago aerospace giant had sought at least \$60 billion to be shared with suppliers and the broader aerospace manufacturing sector. It wasn’t immediately known how much of the overall stimulus funds could benefit Boeing’s commercial arm and its suppliers.

Part of the \$17 billion can be directed at defense contractors and their suppliers, many of whom also work on commercial programs, industry executives said. A Boeing

spokesman declined to comment midday Wednesday, while the legislative process remained under way.

Taxpayer-funded loans would come with various conditions, including restrictions on stock buybacks and dividends and layoff prohibitions for six months. The assistance could also allow the U.S. treasury secretary to take an equity stake in government loan recipients or charge interest on loans. —*Andrew Tangel and Doug Cameron*

Energy

The bill contains no major provisions to specifically aid the U.S. energy industry. Beleaguered U.S. oil producers had sought a range of remedies, including preferential tax treatment, direct subsidies and a \$3 billion purchase of oil by the federal government for the Strategic Petroleum Reserve. The renewable energy industry had sought extensions to tax provisions that would have helped wind-and-solar developers secure valuable tax credits even if there were construction delays. Industry officials expressed disappointment. Democrats were unwilling to support what they considered to be bailouts, and Republicans balked at supporting renewables, say energy industry analysts. —*Christopher M. Matthews*



A worker picks broccoli at Stehly Farms Organics in Valley Center, Calif., on Wednesday. More than \$48 billion will be directed to agriculture and nutrition programs.

PHOTO: ARIANA DREHSLER/AGENCE FRANCE-PRESSE/GETTY IMAGES

Farmers

The bill directs more than \$48 billion to agriculture and nutrition programs, helping cushion the blow for producers reeling from the latest in a string of hits to the U.S. farm economy, as prices sank for corn, soybeans, wheat and cattle. “Our markets have been very depressed such that it’s questionable whether a person can make a living at these levels,” said Illinois grain farmer Paul Rasmussen, 68.

The law designates \$14 billion to replenish the Commodity Credit Corp., a Depression-era program designed to stabilize farm incomes, and \$9.5 billion to support producers of specialty crops, livestock and dairy, as well as those who supply farmers markets, restaurants and schools.

Kate Leone of Feeding America, a nationwide network of 200 food banks, said the group was grateful for the bill’s support of food banks, but disappointed that

participants in the nation's food stamp program wouldn't see increases in their benefits. —*Jesse Newman and Kirk Maltais*

Health Industry

The stimulus package adds \$27 billion to an emergency fund that could give a boost to dozens of projects by pharmaceutical companies and academic groups developing drugs and vaccines against coronavirus. The emergency fund received a smaller amount of funding under a coronavirus response act signed earlier in March. There is no Covid-19 vaccine, but dozens are in development.

The package allows the government to take steps to ensure that products developed with the emergency funding will be “affordable in the commercial market,” but that these steps shouldn't delay development of the products.

The bill also includes provisions to increase reporting of potential shortages from drug manufacturers and companies that make active pharmaceutical ingredients, which are the building blocks of prescription drugs. Many of these raw materials are produced overseas and drawn more attention during the virus outbreak. Companies that make respirators and other medical devices would be required to report to the federal government potential supply chain interruptions. —*Peter Loftus and Jared S. Hopkins*



The boarded-up Kimpton Sir Francis Drake Hotel in San Francisco on Tuesday.

PHOTO: DAVID PAUL MORRIS/BLOOMBERG NEWS

Hotels

The hotel industry last week asked the White House for a \$150 billion financial-aid package, targeted specifically for hospitality companies. What it got instead from the stimulus bill is a patchwork of loans, grants and tax help, much of it through the \$350 billion in loans and grants for small businesses. The majority of U.S. hoteliers qualify as businesses with fewer than 500 employees, making less than \$35 million in annual revenue.

The lodging industry even scored a victory in getting language in the Senate bill that defined each individual hotel as its own business. Hotel owners with several properties had been concerned that they would not qualify as a small business because taken together, all their properties would have pushed them over the current Small Business Administration's definition.

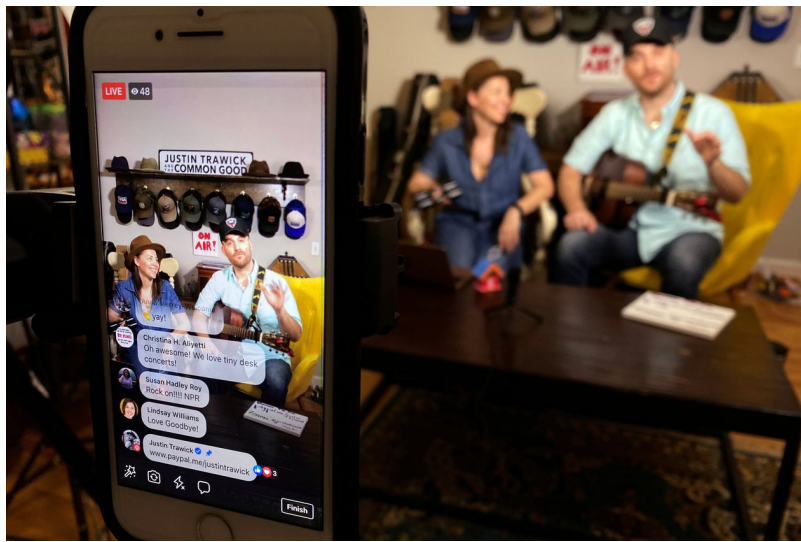
The federal boost in unemployment insurance will help the many hotel employees who have been furloughed across the U.S. Larger hotel companies can apply for loans

through the Treasury Department's economic stabilization fund. But few in the lodging industry expect travel to bounce back by late spring, or even soon after. —*Craig Karmin*

Movie Theaters

For larger movie theaters, many of which are expected to stay closed as long as government guidance limits the number of people who can gather in one place, the stimulus bill's loan guarantee fund could help major chains pay leases or mortgages that are still due for the closed operations, or pay suppliers with bills for everything from popcorn to custodial supplies, said Patrick Corcoran, spokesman for the National Association of Theatre Owners trade group.

Small and midsize chains are more likely to take advantage of the bill's provisions for small businesses, especially those looking to compensate workers not collecting a paycheck with the theater closed. A majority of the sector's 150,000 workers in the U.S. are hourly wage employees, Mr. Corcoran said. —*Erich Schwartzel*



Musicians perform a concert via Facebook live in their Arlington, Virginia, apartment after the public venues closed in Washington, D.C.

PHOTO: KEVIN FOGARTY/REUTERS

Music

The music industry stands to benefit from the bill's provisions that expand unemployment and small-business loans to independent contractors and sole proprietors. Now, session musicians, songwriters and gig workers at venues and on tours that were postponed or canceled will be eligible to apply for such benefits. Charitable organizations affiliated with the music business could also receive grants from the new funding for the National Endowment of the Arts.

“This is a huge lifeline for musicians right now,” said Mitch Glazier, chief executive of the Recording Industry Association of America, a trade organization that lobbied on behalf of some 40 music industry companies. “For an independent contractor to get full unemployment benefits during a time of no work is the difference between them being able to stay a musician or not.” —*Anne Steele*

Postal Service

The financially strained U.S. Postal Service is getting a \$10 billion Treasury loan to help the mail carrier during the pandemic. That should be welcome news for Amazon.com Inc., United Parcel Service Inc. and, to a lesser extent, FedEx Corp., which rely on postal workers for last-mile delivery in certain places. The Postal Service is only allowed by law to raise its net debt by \$3 billion a year, so the bill loosens that restriction. But it does come with some strings attached. Mainly, the Postal Service can only use the financing for operating expenses and not to pay down outstanding debt. The bill also requires the Postal Service to prioritize medical shipments and allows temporary delivery points to protect workers and recipients of mail. —*Paul Ziobro*

Private-Equity Funds

Private-equity firms will likely find it a challenge to get access to stimulus funds. Based on available details of the stimulus package, private-equity-owned businesses wouldn't be explicitly barred from receiving assistance. But government lending requirements could prevent them from unlocking the aid, say lawyers, lobbyists and regulatory experts. In most cases, "I don't think they should be thinking of this federal money as a savior," said Howard Glazer, a partner at Ropes & Gray LLP who advises private-equity firms. —*Chris Cumming*

Railroads

National passenger railroad Amtrak secured about \$1 billion to cover revenue losses related to the coronavirus. The railroad industry won enhanced unemployment benefits that account for its workers not being covered under traditional state-run unemployment programs. Railroad workers instead receive unemployment benefits under a program administered by the Railroad Retirement Board. The bill removes a seven-day waiting period to collect unemployment and provides \$50 million to cover the benefits tied to that waiver. It also provides \$425 million to double biweekly unemployment payments to \$1,200 through July. —*Paul Ziobro*



A deserted parking lot in Illinois on Tuesday. Retailers are disappointed in the aid present in the bill.

PHOTO: SCOTT OLSON/GETTY IMAGES

Retailers

Retailers hastened a correction that was already in the works to a drafting error in the 2017 Tax Cuts and Jobs Act that required them to expense property improvements over 39 years, instead of in the first year as was initially intended. Because of the mistake, retailers, along with restaurants and hotels that made such improvements over the past two years, overpaid their taxes by as much as \$30 billion, according to David French, the National Retail Association's senior vice president of government relations. The bill will allow that money to flow back to these companies. But the aid is far short of what designer Tory Burch and other retail CEOs had lobbied for, including direct cash infusions so that they can continue to pay workers while stores are closed, rent relief and the waiver of duties and tariffs. —*Suzanne Kapner*

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Restaurants

Restaurant owners were encouraged that a range of operations were set to be eligible for small-business loans. Previous versions of the loan provision had capped the employee head count at 500, smaller than many franchised operations, trade groups said. Now, most franchisees should qualify for the program, they said.

“It’s a pretty huge win for franchisees across the board,” said Matthew Haller, senior vice president for government relations at the International Franchise Association.

Mitch Cohen, owner of three Jersey Mike’s Subs shops in Suffolk County, N.Y., said the stimulus could help keep his business afloat, if it gets to business owners soon. “How fast are the funds going to come to the front lines, that’s the next concern,” said Mr. Cohen. Brandon Robertson, a Kansas-based owner of nine KFC restaurant locations, said his biggest hope is to get funding to keep all 140 of his employees. “We don’t want to have to start over,” said Mr. Robertson, a franchisee of the Yum Brands Inc. division.

—*Heather Haddon*

Small Businesses

The deal would allow businesses and nonprofits with up to 500 workers in a single location to apply through qualifying banks for loans backed by the Small Business

Administration. The loans would convert into grants that don't have to be repaid for amounts spent on items such as payroll, rent or utilities, with the grants reduced when workers are laid off. The loans would be capped at \$10 million and cover wages up to \$100,000 a year. —*Siobhan Hughes*

Tech

Tech companies didn't see much direct assistance from the proposed funding bill, though hosts for home-sharing giant Airbnb Inc. would be eligible for small business loans and unemployment insurance. Drivers and food-delivery workers for companies such as Uber Technologies Inc. and DoorDash Inc., though considered independent contractors, qualify for unemployment benefits under the proposed legislation. Some tech firms even fear being left out. The draft legislation around loan guarantees for small- and medium-size businesses could cut out small technology companies and other startups funded by venture capital partnerships.

Equipment makers, though not a direct beneficiary of handouts, still cheered the funding package, particularly for helping to keep their struggling customers afloat and supporting small and medium-size businesses. Todd Thibodeaux, president and CEO of CompTIA, the Computing Technology Industry Association said it was vital for the industry, since much of the IT sector is made up of companies with fewer than 100 employees. —*Preetika Rana*

PERSONAL FINANCE AND TAXES

Bankruptcy

The law ensures that people who file for bankruptcy don't have to use stimulus checks to repay past debt, and it extends the time that bankrupt people have to repay a portion of their debt as a condition to getting a fresh start. The current repayment time limit is five years; the bill extends the repayment time frame to seven years. —*Katy Stech Ferek*

Credit Reporting

Consumers who fall behind on their debt payments won't necessarily take a hit on their credit reports. The bill requires lenders that allow struggling consumers to defer or skip loan payments to report the borrowers as current on their payments, even if they are not. Most consumers who were behind on their debts before the coronavirus crisis will continue to be reported as delinquent. —*AnnaMaria Andriotis*

Mortgages

The bill requires companies that service federally backed mortgages to grant a forbearance of up to 360 days to borrowers who say they have been harmed by the coronavirus outbreak. Servicers are prohibited from initiating foreclosure and processing foreclosure-related evictions for 60 days beginning March 18. Owners of multifamily properties can request a forbearance of up to 90 days, during which tenants cannot be evicted for nonpayment of rent or other fees. —*Orla McCaffrey*

Retirement

The law temporarily loosens the rules on hardship distributions from retirement accounts, giving people affected by the crisis access to up to \$100,000 of their retirement savings without a 10% penalty. The law doubles the amount 401(k) participants can take in loans from an account for the next six months to the lower of \$100,000 or 100% of the account balance. (IRAs don't permit loans.) For retirees, the law suspends for 2020 the mandatory distributions the government requires most to take from tax-deferred 401(k)s and individual retirement accounts starting at either age 70½ or age 72. —*Anne Tergesen*



A Georgetown University student poses for graduation pictures early due to the school moving to online classes. The law would allow most Americans with federal student loans to suspend their monthly payments through Sept. 30, 2020, without any interest accruing.

PHOTO: TOM WILLIAMS/CQ ROLL CALL/NEWSCOM/ZUMA PRESS

Student Loans

The law would allow most Americans with federal student loans to suspend their monthly payments through Sept. 30, 2020, without any interest accruing. It would also enable employers to make tax-exempt contributions toward their workers' student-loan payments. —*Josh Mitchell*

Taxes

People who don't itemize their deductions would be able to claim up to \$300 for charitable contributions. Businesses get the ability to apply losses from 2018, 2019 or 2020 to past years' profits and claim refunds. Restaurants and retailers would benefit from the fixing of a mistake in the 2017 tax law that curbed their depreciation deductions on renovations.

Employers would be able to defer paying their share of 2020 payroll taxes. They could then make half of those payments in 2021 and the other half in 2022. In addition, the bill creates a new tax credit for retaining employees that's aimed at companies that are too large to benefit from the small-business assistance elsewhere in the bill. Those employers would be able to get a tax credit equal to 50% of payroll. That is limited to \$10,000 per employee per quarter, and for employers with more than 100 employees, it is available only to those companies and nonprofits that had their businesses limited or closed by government actions. —*Richard Rubin*

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