

# NPMA COVID-19 Update: HEROES Act

House Democrats dropped text today of their next COVID relief bill titled The Health and Economic Recovery Omnibus Emergency Solutions, or HEROES Act. Clocking in at about \$3 trillion, it runs 1,815 pages (the summary alone is 90 pages). A House vote is tentatively scheduled for 9 AM Friday. It will likely pass along partisan lines and then languish in the Senate, as Republicans have indicated they do not see a need to pass another stimulus bill right now.

Knowing this, the Democrats have used this as a messaging vehicle, loading it up with every priority (and then some) not included in previous bills. Some provisions bear only a passing connection to COVID's effects on individuals and businesses, some are bipartisan and sensible, and some are almost guaranteed to cause GOP outcry. Despite the many provisions that will never pass, this bill is worth dissecting because some of these provisions will likely find support amongst Republicans in whatever the next package is, whenever it passes. It is also worth noting that some progressives are also unhappy with the bill, noting it doesn't go far enough.

Below is an initial breakdown of provisions within the bill of interest to individuals and businesses. **Please note, this bill is not likely to pass Congress in its current form; it will likely pass the Democratic-controlled House with few or no changes but will not be welcomed in the GOP controlled Senate.** NPMA staff will continue to monitor this legislation and provide updates as they are available; for specific questions, contact Ashley Amidon, VP of Public Policy at [aamidon@pestworld.org](mailto:aamidon@pestworld.org).

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## INDIVIDUALS

### COVID Checks to individuals:

- \$599 million to provide a second round of \$1,200 checks to adults making up to \$75,000.
- Children would receive the same amount of \$1,200 instead of the \$500 outlined in the CARES Act.
- Under the CARES Act, checks were made based on "children"; the HEROES Act specifies "dependents." A filer may claim \$1,200 per dependent for up to 3 dependents.

- Prohibits checks mailed specifically for COVID relief to be taken in bankruptcy proceedings, garnishments, or to be held as payment for any debt. (*likely in response to instances like USAA seizing checks of servicemembers to pay off debts.*)
- Prohibits the President or any Cabinet secretary from signing or otherwise placing their name on checks to individuals.

**Student Loans:** Prohibits federally backed student loans from accruing interest through September 30, 2021. Provides up to \$10,000 in relief for all Department of Education and privately held loan borrowers. This payment will not be considered taxable income.

**Debt Collection:** Prohibits collection of consumer debt during this COVID-19 crisis and for 120 days thereafter.

### **Homeowners & Renters:**

- Owners: \$75 billion to states to provide direct assistance with mortgage payments, property taxes, property insurance, utilities, and other housing related costs.
- Renters: \$100 billion to states for an Emergency Rental Assistance program that would help renters pay their rent and utility bills during the COVID-19 pandemic and help rental property owners continue to cover costs.
- Both: Extends and expands the eviction moratorium and foreclosure moratorium in the CARES Act to include all renters and homeowners.

**Taxes:** Makes the child tax credit (“CTC”) fully refundable for 2020 and increases the amount to \$3,000 per child (\$3,600 for a child under age 6). The provision also makes 17-year-olds qualifying children.

## **BUSINESSES**

**Debt Collection:** Establishes a temporary moratorium on small business and non-profit debt collection during this COVID-19 crisis, and for 120 days after its conclusion. For non-profit debt collection, only 501 (c) 3 organizations are eligible for the moratorium.

### **Changes to Main Street Lending Program:**

- The Federal Reserve would be required to provide at least one low-cost loan option that small businesses and small non-profits are eligible for that does not have a minimum loan size (overriding the current \$500,000 minimum loan size to participate in the program.). This makes the Main Street program workable for very small businesses.
- Non-profit organizations would now be considered eligible borrowers, and the Fed would create a low-cost loan option specific to non-profits with deferred payments. The loan may be

forgiven solely for non-profits predominantly serving low-income communities that are ineligible for a PPP loan.

### **Changes to PPP Loans:**

- All non-profits are now eligible for PPP loans.
- The covered period for PPP loans would be extended to December 31, 2020.
- PPP funds could be stretched over 24 weeks instead of the eight weeks originally passed in the CARES Act.

**Small Business Grants:** \$10 billion in grants to small businesses that have suffered financial losses as a result of the coronavirus outbreak.

**Essential Worker Support:** Establishes \$850 million in funding to provide childcare support to those considered essential workers. States can determine if that support is distributed via reimbursement, paying providers directly, or setting up childcare services. No income test may be used to determine eligibility. Essential workers are defined as any of the following: Health care sector workers; Emergency response workers; Sanitation workers; Workers at businesses which state or local officials have determined must stay open to serve the public during the COVID-19 emergency; Any other worker who cannot telework and who the State or local government deems to be essential during the COVID-19 pandemic.

*(NPMA NOTE: this provides very broad definitions of “essential worker” and as specified, could cover the pest management industry. It is likely that a narrower definition would be ultimately used.)*

### **Taxes:**

- Allows businesses receiving Paycheck Protection Program loan forgiveness to defer payment of payroll taxes under Section 2302 of the CARES Act.
- If an employer has 500 or more employees, they are not eligible for payroll tax credits for these wages. This provision applies to wages paid after the date of enactment.
- Extends the refundable payroll tax credits for paid sick and family leave through the end of 2021.
- Allows employers to claim up to \$12,000 in refundable payroll tax credits, rather than \$10,000 under FMLA provisions.
- Provides up to a 90% refundable individual income tax credit for certain self-employed individuals who have experienced a significant loss of income. The credit phases out starting at \$60,000 of adjusted gross income (\$120,000 for married filing jointly) at a rate of \$50 for every \$100 of income.
- Provides a payroll credit for certain fixed expenses of employers subject to closure as a result of COVID-19. The credit is a 50% refundable payroll tax credit for qualified fixed costs: covered rent obligations, covered mortgage obligations, and covered utility payments.

*(Essentially, the same categories considered under the PPP loan for forgiveness.)* For each quarter, qualified expenses eligible for this credit are limited to 25% of qualified wages or 6.25% of 2019 gross receipts (which annualizes to 25%), with an absolute maximum of \$50,000. This credit is limited to employers with no more than 1,500 full-time equivalent employees or no more than \$41,500,000 in gross receipts in 2019. Additionally, employers must be subject to a full or partial suspension due to a COVID-19 government order or have a decline in gross receipts of at least 20% compared to the same calendar quarter of the preceding year. This credit is phased in for employers with a decline in gross receipts between 10% and 50%.

## WORKPLACE & INDIVIDUAL: HEALTH, SAFETY AND PAID LEAVE CHANGES

**Workplace Safety:** Requires OSHA to create an emergency temporary standard within 7 days of enactment. Much of this would apply only to health care workers, but the standard would also prohibit employers from retaliating against workers for reporting or publicizing health and safety hazards, or for using their own more protective personal protective equipment if not provided by the employer.

### **Public Health:**

- \$2.1 billion to support federal, state, and local public health agencies to prevent, prepare for, and respond to the coronavirus.
- Covers anyone who does not have insurance for COVID testing and treatment.
- Creates a special 2-month enrollment period on federal health care exchanges to allow uninsured individuals to purchase insurance.
- Requires President to appoint a Medical Supplies Response Coordinator who will serve as the point of contact for the health care system, supply chain officials, and states on medical supplies
- \$75 billion for the formation of a national system for COVID-19 contact tracing.

**Disinfectants:** Allocates \$100.15 billion to support educational system needs in reopening. Included many areas for funding, one of which is costs associated with sanitation and cleaning for schools and school transportation.

**FMLA & Paid Sick Leave:** This bill would make significant changes to the FMLA/Sick leave provisions in the CARES Act, particularly when it comes to small businesses. The small business exemptions would be totally removed, and the categories under which FMLA leave is available would be dramatically expanded.

Exemptions for businesses with less than 50 employees are no longer applicable for either paid sick leave or FMLA. Any exemption is retroactively removed.

FMLA specific:

- Extends Family and Medical Leave benefits from December 31, 2020 to December 31, 2021.
- Employees can take FMLA leave to:
  - self-isolate because they were diagnosed with COVID-19,
  - obtain a medical diagnosis or to care for symptoms of COVID-19,
  - comply with a recommendation or order to self-isolate because physical presence at work would jeopardize the health of the employee, other employees, or a person in the employee's household,
  - care for a family member who is self-isolating,
  - care for a child whose school has closed or childcare provider is unavailable due to COVID-19, or (6) care for a family member who is individual with a disability or senior citizen whose place of care or direct care provider is unavailable. *(Currently, only this category qualifies for FMLA leave under the CARES Act.)*

## MISCELLANEOUS PROVISIONS OF INTEREST

- \$500 billion to assist state governments and \$375 billion to assist local governments.
- \$25 billion to USPS.
- \$925 million to assist States in processing unemployment insurance claims and extends unemployment supplement of \$600 per week through January 31, 2021.
- Would require the President to notify Congress 30 days prior to placing an Inspector General in paid or unpaid non-duty status (administrative leave).
- Requires 15 days of early voting in all states. Requires states to provide no-excuse absentee ballots to any who request them. Prohibits states from imposing additional requirements on absentee ballots or eligibility. All would go into effect for the November 2020 election and bans states from letting voters mark and return ballots online.
- Restructures multi-employer ailing pension plans.