



Special News Update



## Chamber Daily Update for March 26

### Georgia Chamber Summary of the CARES Act

The Coronavirus Aid, Relief and Economic Security Act, or the “CARES Act,” passed the U.S. Senate Wednesday night, March 25, and is headed to the U.S. House of Representatives for consideration as soon as today. This is a \$2 trillion stimulus bill, the largest Congressional aid package ever, and is the third phase of federal measures intended to provide economic relief to individuals, families and businesses experiencing hardships during the COVID-19 crisis. [Click here to read about the first two measures.](#) Below is a summary of the CARES Act provided by the Georgia Chamber of Commerce and adapted from the National Manufacturing Association summary.

### Business Provisions

## \$500 billion in loans to eligible businesses

- Targeted at companies that do not receive adequate relief from other provisions of the bill, located in the U.S. and with a predominantly U.S. employee base
- Eligible businesses must maintain employment levels from March 24, 2020 to September 30, 2020
- Prohibits stock buybacks, dividend payments and increasing compensation for certain high wage employees
- \$46 billion set aside for the airline industry: \$25B for passenger airlines; \$4B for cargo air carriers; and \$17B for businesses important to national security

\$350 billion in small business loans administered nominally through the SBA, called the “Paycheck Protection Program.” Loans will be administered through local and regional banks; any federally regulated bank may become an SBA lender for this purpose. The Department of the Treasury will issue regulations for these loans quickly. SBA lenders will be able to determine eligibility credit worthiness by determining whether a borrower was operational on March 1, 2020 and had employees that they paid salaries and payroll tax. The government guarantee of 7(a) loans would be increased to 100% through the end of 2020, at which point the guarantee would return to 75% for loans over \$150,000 and 85% for loans less than or equal to \$150,000. The complete deferment of 7(a) loan payments are permitted for up to one year.

- Targeted at companies with less than 500 employees or otherwise specified by SBA standards
- Loans can be used for payroll, mortgages, rent, insurance premiums and utility payments
- Up to \$10 million per company available
- Cannot apply for SBA disaster loan related to COVID 19 and loans under this program at the same time
- Loans can be forgiven up to the amount spent by the borrower during the eight weeks from loan origination on payroll costs up to \$100,000 in wages, mortgage interest, rent or utilities
  - Forgiveness is reduced by layoffs or pay reductions in excess of 25%
  - Forgiveness is not treated as taxable income
- Additionally, \$24 billion is set aside for relief to stabilize the farm economy

## Tax Provisions

- Companies may use tax losses in 2018, 2019 and 2020 to offset income from the prior five years
- The maximum amounts of business interest deductions are increased for 2019 and 2020 from 30% of to 50%
- Allows an employer to defer its share of 2020 payroll tax and pay them over two years
- The 2018 tax reform bill imposed a one-time tax on earnings held overseas, which could be paid over eight years. The IRS has taken the position that companies cannot receive refunds until the eight-year period is completed. The bill overturns the IRS position
- Creation of a new, temporary refundable payroll tax credit for companies who keep workers on their payroll during the COVID-19 pandemic, up to \$5,000 per worker
- Companies may accelerate recovery of Corporate Alternative Minimum Tax (AMT) Credits
- Businesses in retail, restaurants and hotels to write off certain facilities improvements immediately

#### Healthcare Provisions

- \$150 billion for hospitals and other health facilities, which will come from the Department of Health and Human Services (HHS) and more funding for small and rural hospitals
- Provides permanent liability protections for makers of PPE that are called for public health emergency countermeasures
- Clarifies no COVID-19 cost sharing for private insurance, requires free vaccine coverage without cost sharing following current vaccine practices guidelines and includes a range of public health measures to address COVID-19 treatment and response, including liability protections for doctors who volunteer
- Removes barriers and facilitates telehealth services, especially for high deductible
- Health plans that utilize health savings accounts
- Provides \$200 million to boost Telehealth

#### Labor Provisions

- Sets a cap on maximum payments employers will be required to pay for new emergency paid leave requirements. The provision also allows employers to receive an advance tax credit on paid leave rather than having to be reimbursed on the back end
- Provides individuals an additional \$600 per week for up to four months on top of state unemployment benefits. The provision also establishes short-term compensation programs for states like Georgia

that allow for employers to reduce workers' hours while still providing employees a pro-rated unemployment benefit

The bill is likely to be discussed and voted on in the House by the end of the week, and will then go to the White House for the president's signature. As it moves through the process, the Savannah Area Chamber will continue to update you daily on its progress.

## TODAY'S UPDATES

### [Mayor Johnson Expands and Clarifies Emergency Declaration](#)



Savannah Mayor Van R. Johnson, II, announced additions to and clarifications of the enhanced emergency declaration for the City of Savannah.

Per new regulatory guidance from the state, barbershops, beauty parlors, nail and personal care salons will close on Friday, March 27, at 5 p.m.

Additional clarifications to the emergency declaration include essential businesses that may continue operations: pawn and title pawn shops, landscapers, moving services. Car dealerships can continue service center operations but must close sales and leasing departments. Real estate maintenance and rental services may execute pending contract; however, all other real estate work should be performed remotely.

### [The Georgia Municipal Association Presents to Georgia Mayors on COVID-19](#)



The Georgia Municipal Association (GMA) arranged for a presentation for the 538 cities in Georgia. The online presentation by Dr. Carlos del Rio, the executive associate dean for Emory at Grady Health System is linked below. The presentation outlines how cities are protecting Georgians during the COVID-19 crisis. [GMA Presentation](#)

## [Tourism Forecast from Oxford Economics](#)



Oxford Economics, in coordination with its Tourism Economics subsidiary company, modeled the expected downturns in the US travel industry in 2020 as a result of the Coronavirus. [See report here.](#)

## [Important Changes to Family Medical Leave Act Due to Stimulus 2 Package](#)



The Stimulus 2 Package created significant changes to employers for sick leave as well as family and medical leave. The U.S. Department of Labor has issued guidance for employers for these changes.

[USDOL Guidance Memo Release](#)

[Fact Sheet for Employers](#)

[Fact sheet for Employees/Individuals](#)

[USDOL New Guidance Q&A](#)

## [FEMA Coronavirus Rumor Control](#)



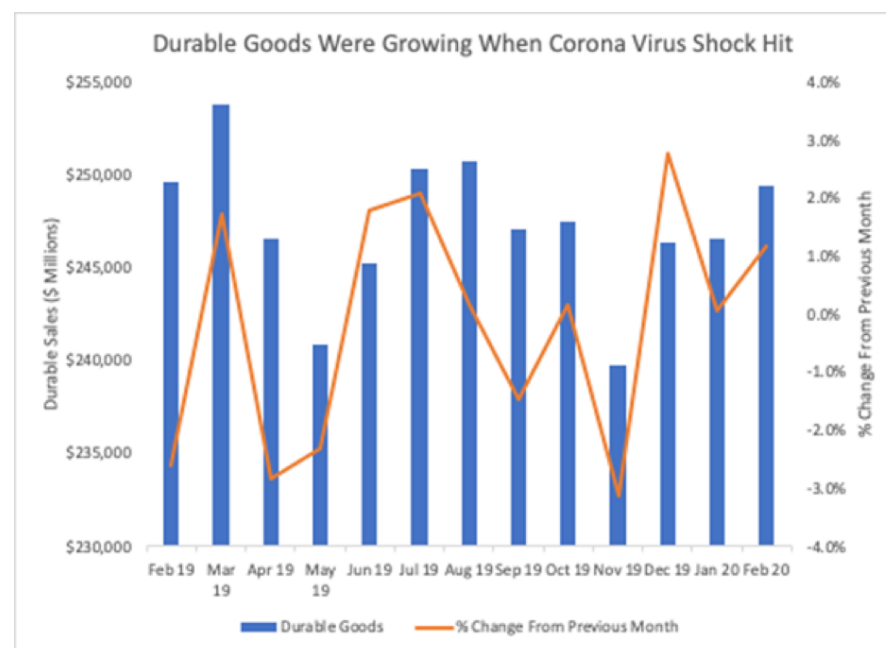
Rumors can easily circulate within communities during a crisis. Do your part to stop the spread of disinformation. Always go to trusted sources of information like coronavirus.gov or your state and local government's official websites or social media accounts for instructions and information specific to your community. [FEMA Rumor Control](#)

## Economic Snapshot by U.S. Chamber Chief Economist Curtis Dubai



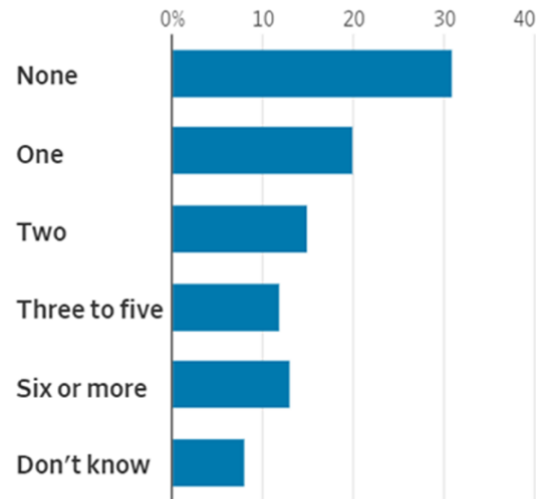
We are in a bit of a holding pattern when it comes to what's going on with the economy. We know it's contracting rapidly, but we don't have enough real-time data to know how much it's contracting now, or how much damage has already been done. That should begin to change soon as more data comes out for periods after the coronavirus started affecting the U.S. economy. For instance, the impact for late February is starting to show up in the data.

The U.S. Census Bureau released durable goods data for February and revised figures for January today. They showed durable goods sales rose slightly (0.1%) in January and 1.2% in February. However, if you remove defense spending durables rose only 0.1%. So some weakness was definitely starting to show up in consumer spending in February.



All categories of spending are likely to drop by large amounts because of the number of Americans becoming unemployed. Their spending will fall in part because many Americans have little savings to fall back on. [According to the Wall Street Journal](#) using data from the University of Chicago, 30% of workers have no savings to fall back on. Half of workers can only afford to miss up to one paycheck.

### Number of paychecks workers can miss before dipping into savings



Note: Figures don't add to 100% due to missing responses

Source: NORC at the University of Chicago

The bills moving through Congress for relief for families and businesses should ease the pain. However, spending will still fall because those relief measures will not be as large as workers' paychecks and people are not spending as much as they would have if they were out of the house.

## Three Good Reads



- Wall Street Journal: [Stocks Keep Rising After Dow's Best Day in 87 Years](#)
- CNBC: [Former Fed Chairman Ben Bernanke Sees 'Very Sharp' Recession, Followed by 'Fairly Quick' Rebound](#)
- U.S. News & World Report: [Walmart, CVS, Others Hiring More Than 800,000 Workers During Coronavirus Outbreak](#)

## Guidance and Resources



We will update and add to the links below as new guidance and resources become available. [Click here to visit the Chamber's resource page.](#)

- [Coronavirus Digital Toolkit](#)
- [Coronavirus Guidance for Employers](#)
- [Coronavirus Workplace Tips for Employees](#)
- [Coronavirus Resource Hub for Small Businesses](#)
- [Coronavirus Local/State Policy Tracker](#)
- [Coronavirus Workplace Flyer](#)

For more info, please visit [the CDC's Guidance for Businesses page.](#)



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