On May 13, 2020, the House Democrats introduced H.R. 6800, the HEROES Act, which makes emergency supplemental appropriations for the fiscal year ending September 30, 2020. The bill has a price tag north of $3 trillion and Speaker Pelosi is pushing this package through the House as quickly as possible, with votes expected on Friday, May 15th.

Important context to keep in mind: A lot of the below information **may not become law**. Senate Majority Leader Mitch McConnell (R-KY) and other senior Republican Members of the Senate have indicated this bill is a non-starter and likely not going anywhere. Like the previous COVID-19 relief packages, the House, Senate, and Administration must all agree on language and direction on what relief efforts should entail.

Please note that there is no language included in the HEROES Act that address the owner-operators concerns about broker transparency, which is great news. There is a section on price gouging. That essentially puts safeguards in place for action to be taken if there are situations of pricing gouging occurring during the COVID-19 pandemic. There are several factors including looking back on the price of a good or service before January 31, 2020. This could be a slippery slope for a lot of businesses, because they don’t define “excessive”.

Furthermore, the definition of goods and service is limited to food and medical supplies. The one area that could capture us would be “delivery services” and that is a huge stretch in my opinion. It will be enforced by the Federal Trade Commission (FTC).

TIA Government Affairs team will continue to monitor all legislative activity surrounding the Coronavirus in addition to legislation that is traditionally more germane to our industry.

You can read the full legislation here: [read it here](https://docs.house.gov/billsthisweek/20200511/BILLS-116hr6800ih.pdf)

**Spending.** Would provide additional funding for various government agencies for COVID-19 related programs.

* Transportation: $15 Billion for Highway Infrastructure
  + Of which $14,775,000,000 for states;
  + 150,000,000 for the Tribal Transportation Program;
  + 60,000,000 for the Puerto Rico Highway Program and;
  + 15,000,000 for the Territorial Highway Program.

**CARES Correction: Dependent Child.** Under the CARES Act, for purposes of getting the $500 per child, the law used the same definition for a child as you'd use for the child tax credit. The sticking point for most parents for this purpose was the age: the child must be under age 17 at the end of the tax year. That meant that taxpayers were not entitled to receive the $500 additional payment for a child above the age of 16, even if they lived with you *and* eat your food *and*spend your money*and*sleep in your house.

**CARES Correction: SSN.** Also, under the CARES Act, you had to have a Social Security Number (SSN) to get a check. As did your spouse. If one of you (assuming you filed jointly) had an ITIN instead of an SSN, you would get nothing. If the bill passes, if you had a valid SSN and your spouse did not, your spouse would still get nothing, but you'd get your payment.

**CARES Correction: Levies & Garnishment.**While only child support was offset by the feds under the CARES Act, once payments hit bank accounts, they could be subject to seizures and garnishment to satisfy existing liabilities. The HEROES Act would require the payments to be coded in an obvious manner so that banks would not allow payments to be seized to satisfy certain legal obligations.

**CARES Clarification: Representative Payees.** One of the points of confusion under the CARES Act was whether representative payees of Social Security (SSA), Veterans Affairs (VA), and Railroad Retirement Board (RRB) benefits could accept payment. The answer under the HEROES Act would be yes, provided that the representative payee used the payment for the beneficiary.

**New Checks.** The HEROES Act calls for additional stimulus checks. As before, checks would be $1,200 per adult ($2,400 in the case of a joint return), but with an additional $1,200 per dependent (as opposed to $500). The eligibility criteria are much the same as before - even the phaseouts are the same - with the exceptions of those CARES Act corrections noted above (the revised definitions and rules would be used for the new checks). And this time, Congress clearly states that payments should be automatic for those receiving Social Security retirement or disability benefits (SSDI), SSI, RRB, or VA benefits. And one more thing… the new checks and notices that accompany them will not have the signature or likeness of the President, Vice President, Cabinet Official, or any elected official.

**Earned Income Tax Credit (EITC).** The EITC would be expanded. Currently, if you do not claim a qualifying child for the EITC, you are eligible if you meet the income rules, have your main home in the United States for more than half of the tax year, cannot be claimed as a dependent or qualifying child on anyone else's return, are at least age 25 but under age 65 years old at the end of the tax year. The HEROES Act would change the minimum age to 18 for qualified former foster youth and would up the maximum age to under 66 (so, 65). The phaseouts would also increase.

**Child Tax Credit (CTC)**. The CTC was expanded under the Tax Cuts and Jobs Act (TCJA) but would be improved (their word) for 2020. The amount of the credit would be boosted, and the age for qualifying children would be moved to 17 (not under age 17).

**Employer-Provided Dependent Care Assistance (EPDCA).** The amount available under the EPDCA would be doubled for 2020.

**Flexible Spending Arrangement (FSA).** The HEROES Act would allow taxpayers to carry amounts from FSA forward into 2021. This would apply to FSAs for health care and dependent care.

**State and Local Taxes (SALT).** The House is trying again to eliminate the cap on SALT deductions for 2020 and 2021. You may remember that those were capped at $10,000 under the TCJA.

**Above the Line Deductions.** The HEROES Act would increase the above-the-line deduction for teachers and would allow first responders a similar deduction. That means that those deductions could be claimed even if taxpayers don’t itemize (the deduction would be in addition to the standard deduction).

**Payroll Tax Credits & Deferrals.** Employers would be allowed a payroll tax credit equal to the applicable percentage of the qualified pandemic-related employee benefit expenses. Additionally, the amount allowed as a credit under the Employee Retention Credit (ERC) would be increased from 50% to 80% and the $10,000 cap for all quarters would be $45,000; phase-ins would also apply for the credit reduction. A similar credit would apply to self-employed persons. An additional credit would be allowable for fixed expenses and payroll tax deferrals would be allowed for recipients of Paycheck Protection Program (PPP) loans.

**Exclusions from Gross Income.** Under the HEROES Act, emergency financial aid grants made to students would be excluded from gross income. The same would be true for loan forgiveness and other business financial assistance under the CARES Act, including those emergency Economic Injury Disaster Loan (EIDL) grants.

**Medicaid/Medicare and Healthcare Expansion.** The HEROES Act would expand Medicaid benefits for states, as well as subsidized healthcare costs, including those for furloughed workers and those relying on COBRA coverage.

**Retirement Provisions.**The CARES Act waived RMDs for 2020. The HEROES Act would extend that relief to 2019 for defined contribution plans and IRAs. But, since you know, it's 2020, RMDs made in 2019 (as well as 2020) could be rolled back to a plan or IRA without regard to the normal 60-day requirement if the rollover is made by November 30, 2020.

**Unemployment Benefits.** The $600/week surplus for unemployment is slated to end on July 31, 2020, under the CARES Act. The HEROES Act would extend it through January 31, 2021. The HEROES Act would also expand other unemployment-related benefits.

**Small Business Benefits.** The bill makes several technical changes to the PPP, including extending the covered period through the end of the year and eliminating the 75/25 payroll split.

**Housing/Student/Debt Assistance.**The HEROES Act would expand the eviction moratorium and foreclosure protections under the CARES Act to include all renters and homeowners. It would also suspend adverse consumer credit reporting during the COVID-19 crisis and extend CARES Act student loan payment and consumer protections.