

Key Provisions of American Rescue Plan Act of 2021

Topline

Congress is expected to pass the American Rescue Plan Act (H.R. 1319) this week, and President Biden is expected to sign it into law soon.

The total cost of the House American Rescue Plan Act is \$1.9 trillion. Major components include “recovery rebate” payments of \$1,400, an extension (though not an increase) of supplemental unemployment insurance, aid to state and local governments, funding for vaccine distribution, COVID testing and contact tracing, funding for schools. A tax break for recipients of unemployment insurance was added to the bill late in the process. Of note, the minimum wage increase to \$15 included in the House bill is not included in the final legislation. More detail on selected provisions is provided below.

Aid to Small Businesses

Grants and Loans

- **EIDL Advances.** Funding for additional EIDL Advance grants of up to \$10,000 per business. (Total funding of \$15 billion)
- **Restaurant Revitalization Fund.** Provides grants of up to \$10 million/\$5 million per location for restaurants with fewer than 20 locations. Grants are calculated by subtracting 2020 revenue from 2019 revenue. (Total funding of \$25 billion. \$5 billion set aside for smallest businesses)
- **Non-profit PPP eligibility.** Eligibility of additional nonprofits for Paycheck Protection Program loans.

Tax Credits

- **Employee Retention Credit.** The Act extends the credit from June 1, 2021 to January 1, 2022. The credit is available to companies with a quarterly gross receipts loss of at least 20 percent relative to the same quarter in 2019 and is worth up to \$10,000 per employee per quarter.
- **Credits for paid sick and family leave.** Tax credit are extended from March 31 till September 30.

Aid for Agriculture

- **Agriculture and Food Supply Chain.** Provides \$3.6 billion to purchase and distribute agricultural commodities; make grants and loans to small/midsized farmers; farm markets; food processors

and distributors, and to protect workers and maintain supply chains. Provides \$500 million for community facility grants for healthcare. Pays for FSA loans and CCC Farm Storage Facility Loans held by socially disadvantaged farmers or ranchers (SDFRs). Sets payments at 120 percent of outstanding indebtedness to cover debt and taxes.

- **Funds to Assist Socially Disadvantaged Borrowers.** Provides \$1 billion to producers through community-based organizations, land-grant universities and other minority serving institutions of higher learning to assist SDFRs and forest landowners. The funds will support outreach and various forms of technical assistance.
- **Supplemental Nutrition Assistance Program.** Continues 15 percent increase in SNAP benefits through September 30.

Aid to Individuals and Families

- **Recovery rebate payments.** Individuals with AGI of less than \$75,000 (\$150,000 per married couple) will receive checks of \$1,400 (\$2,800 per married couple), plus \$1,400 for each of their dependents.
- **Unemployment insurance.** Supplemental unemployment insurance of \$300 per week is extended through September 6.
- **Tax break for unemployment insurance.** Up to \$10,200 of 2020 UI benefits are not taxable for taxpayers with less than \$150,000 of household income in 2020.
- **Child Tax Credit.** Increased to \$3,000 per child (\$3,600 for children under 6).
- **EITC.** Expansion of the Earned Income Tax Credit for workers without children.

Housing

- **Homeowner Assistance Fund.** The bill allocates almost \$10B to a fund that would be used to provide financial assistance to homeowners to pay their mortgage, property taxes, utility bills, insurance, and other qualifying expenses related to mortgages and housing.