

## Preliminary Analysis of Nonprofit Provisions in the House HEROES Act and Senate HEALS Act

The following chart outlines the provisions in the House-passed HEROES Act and the recently introduced Senate HEALS Act as they relate to policy priorities of the charitable nonprofit community ([Nonprofit Asks](#)) as reflected in the [new Nonprofit Community Letter](#), updated July 27, 2020, that is signed by nearly 4,000 nonprofits from all 50 states. **All provisions are subject to ongoing negotiations** and should not be considered final until a relief bill is enacted.

ISSUE	CARES Act (Pub. L. 116-136)	HEROES Act H.R. 6800	HEALS Act Introduced July 27, 2020
<b>Tax Provisions</b>			
<b>Unemployment Insurance &amp; Self-Insured Employers</b>  <b>Nonprofit Ask:</b> 100% federal coverage	<ul style="list-style-type: none"> <li>50% reimbursement of unemployment benefits paid by the state to laid-off/furloughed employees of self-insured employers</li> <li>Expires 12/31/2020</li> </ul>	<ul style="list-style-type: none"> <li>Repeals DOL interpretation requiring full payment upfront and repayment later</li> <li>Extends provisions from 12/31/2020 to 1/31/2021</li> </ul>	<ul style="list-style-type: none"> <li>75% reimbursement of unemployment benefits paid by the state to laid-off/furloughed employees of self-insured employers</li> <li>Retroactive to passage of CARES Act</li> </ul>
<b>Universal Charitable Deduction</b>  <b>Nonprofit Ask:</b> 1/3 of Standard Deduction, retroactive to 2019, extend beyond 2020	<ul style="list-style-type: none"> <li>New above-the-line deduction (universal or non-itemizer deduction that applies to all taxpayers) for total charitable contributions of up to \$300 in 2020</li> </ul>	<ul style="list-style-type: none"> <li>No provision</li> </ul>	<ul style="list-style-type: none"> <li>No provision</li> </ul>
<b>Employee Retention Tax Credit</b>  <b>Nonprofit Ask:</b> Expand the Employee Retention Tax Credit to help nonprofits retain employees, scale service delivery, and create new jobs	<ul style="list-style-type: none"> <li>Refundable payroll tax credit</li> <li>Suffer complete or partial shutdown OR gross receipts drop of at least 50%</li> <li>50% credit (up to \$5,000) per employee               <ol style="list-style-type: none"> <li>Under 100 – all employees</li> <li>Over 100 – only employees not able to work due to closure</li> </ol> </li> <li>Cannot take ERTC and PPP loans</li> </ul>	<ul style="list-style-type: none"> <li>Refundable payroll tax credit</li> <li>Suffer complete or partial shutdown OR gross receipts drop of at least 10%</li> <li>80% credit (up to \$36,000) per employee               <ul style="list-style-type: none"> <li>Under 100 – all employees</li> <li>Over 100 – only employees not able to work due to closure</li> </ul> </li> <li>50% credit for fixed costs (similar to PPP loan forgiveness rules)</li> <li>Able to take ERTC and PPP</li> </ul>	<ul style="list-style-type: none"> <li>Refundable payroll tax credit</li> <li>Suffer complete or partial shutdown OR gross receipts drop of at least 25%</li> <li>Nonprofit “gross receipts” defined as all revenues</li> <li>65% credit (up to \$19,500) per employee               <ul style="list-style-type: none"> <li>Under 500 – all employees</li> <li>Over 500 – only employees not able to work due to closure</li> </ul> </li> <li>Able to take ERTC and PPP</li> </ul>

<b>Reopening Tax Credits</b>	<ul style="list-style-type: none"> <li>No provision</li> </ul>	<ul style="list-style-type: none"> <li>No provision</li> </ul>	<ul style="list-style-type: none"> <li>Safe and Healthy Workplace Tax Credit</li> <li>Refundable payroll tax credit of 50% for costs of testing, cleaning, personal protective equipment, and workplace reconfiguration</li> <li>Capped at \$1,000 per employee for smaller employers (&lt; 500 workers) and \$500 per employee for largest employers (&gt; 1,000 workers)</li> </ul>
<b>Loan Programs</b>	Including <b>Paycheck Protection Program Flexibility Act (6/5/2020)</b>		
<b>PPP Eligibility</b> <b>Nonprofit Ask:</b> Extend eligibility of PPP to all sizes of nonprofits and lift the loan cap to appropriately reflect the operational needs of these nonprofits.	<ul style="list-style-type: none"> <li>Charitable nonprofits with 500 or fewer employees (counting each individual – full time or part time and not FTEs)</li> <li>Affiliation rule aggregates workers at separate affiliates of certain nonprofits to count toward the 500-employee cap</li> <li><b>PPP Flexibility Act</b> extended covered period to 12/31/2020</li> </ul>	<ul style="list-style-type: none"> <li>Removes the 500-employee cap; includes all 501(c) orgs.; special restrictions on 501(c)(4)s</li> <li>Eliminates SBA affiliation rule for nonprofits</li> <li>25% set-aside for nonprofits; half for nonprofits with fewer than 500 employees, half for those with more</li> <li>Extends covered period to 12/31/2020</li> </ul>	<ul style="list-style-type: none"> <li>Expands to include 501(c)(6) orgs</li> </ul>
<b>PPP Loan Amount</b>	<ul style="list-style-type: none"> <li>Lesser of \$10 million or 2.5 times the average total monthly payroll</li> </ul>	<ul style="list-style-type: none"> <li>No provision</li> </ul>	Maximum loan: \$2 million
<b>PPP Loan Forgiveness</b>	<ul style="list-style-type: none"> <li>Available if use funds to maintain payroll for 8-week period; SBA imposed 75% payroll rule</li> <li><b>PPP Flexibility Act</b> reduced payroll rule to 60%</li> </ul>	<ul style="list-style-type: none"> <li>Reverses Treasury restrictions on non-payroll expenses, sets 5-year maturity, and mandates deferment of payments for 1 year</li> <li>Eligible expenses include personal protective equipment</li> </ul>	<ul style="list-style-type: none"> <li>Eligible expenses include personal protective equipment</li> <li>Most documentation waived for loans under \$150,000</li> <li>Borrower picks 8-week period for forgiveness</li> </ul>
<b>PPP Second Round</b>	<ul style="list-style-type: none"> <li>No provision</li> </ul>	<ul style="list-style-type: none"> <li>No provision</li> </ul>	<ul style="list-style-type: none"> <li>Available to employers that <ul style="list-style-type: none"> <li>Employ 300 or fewer employees</li> <li>Experience 50% drop in gross receipts same quarter 2020 v 2019</li> </ul> </li> <li>Nonprofit “gross receipts” defined as only donations</li> <li>Maximum loan \$2 million</li> </ul>

<p><b>Mid-Size Loan Program</b></p> <p><b>Nonprofit Ask:</b> Require the Federal Reserve to quickly finalize Main Street Lending Program for nonprofits that offers a loan forgiveness option</p>	<ul style="list-style-type: none"> <li>• Vague authorization of Economic Stabilization Fund and Main Street Loan Program for nonprofits</li> </ul>	<ul style="list-style-type: none"> <li>• Mandates Federal Reserve create Main Street Lending Program for nonprofits</li> <li>• Loans to nonprofits serving low-income communities eligible for loan forgiveness</li> </ul>	<ul style="list-style-type: none"> <li>• No provision</li> </ul>
<p><b>Other Programs &amp; Provisions</b></p>			
<p><b>WORK NOW Act S.3747/H.R.7495</b></p> <p><b>Nonprofit Ask:</b> \$50 billion grant program promoting nonprofit employment, run through state &amp; local governments and infrastructure nonprofits</p>	<ul style="list-style-type: none"> <li>• No provision</li> </ul>	<ul style="list-style-type: none"> <li>• No provision</li> </ul>	<ul style="list-style-type: none"> <li>• No provision</li> </ul>
<p><b>Liability Protections</b></p>	<ul style="list-style-type: none"> <li>• No provision</li> </ul>	<ul style="list-style-type: none"> <li>• No provision</li> </ul>	<ul style="list-style-type: none"> <li>• Temporarily limits liability for personal injuries arising from alleged COVID-19 exposure at a school, college, nonprofit, church, or business</li> <li>• In order to qualify, entities must             <ol style="list-style-type: none"> <li>1. have made reasonable efforts to comply with applicable public health guidelines, and</li> <li>2. not engaged in willful misconduct or grossly negligent behavior</li> </ol> </li> </ul>
<p><b>State and Local</b></p>			
<p><b>Funds for State and Local Governments</b></p>	<ul style="list-style-type: none"> <li>• Appropriated \$150 billion in Coronavirus Relief Funds for state, territorial, local, and tribal governments</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriates \$875 billion for state and local governments</li> </ul>	<ul style="list-style-type: none"> <li>• No new appropriations</li> <li>• Provides some spending flexibility</li> <li>• Extends the deadline for spending Coronavirus Relief Funds from Dec. 30, 2020 to Sep. 30, 2021</li> </ul>