

Publications

The American Rescue Plan Act of 2021 Expected to Become Law

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On Wednesday, March 10th, the House passed the American Rescue Plan Act of 2021, the third major federal COVID-19 relief act following the CARES Act and the December 2020 Consolidated Appropriations Act. President Biden is expected to sign it into law Friday.

The \$1.9 trillion American Rescue Plan Act is nearly equal in scope to the \$2.2 trillion CARES Act and provides more than double the amount of funding in the December 2020 bill. This update broadly summarizes the key provisions of this wide-ranging bill. Readers should contact their Vorys attorney and watch for future updates providing more in-depth analysis of certain of the Act's provisions.

Relief for Individuals

Unlike the CARES Act and the December 2020 bill, the majority of the funds provided in the American Rescue Plan Act are geared towards relief for individuals. Moreover, this relief is primarily aimed at low- and middle-income individuals.

Perhaps most notable is the third round of individual stimulus payments. Single adults earning less than \$75,000, heads of household earning less than \$112,500, and married adults filing jointly earning less than \$150,000 are eligible to receive \$1,400 per person. Eligibility is determined based on the most recent tax return the IRS has processed. Eligible parents will also receive \$1,400 per dependent claimed. Unlike the previous stimulus payments, however, the eligibility phase-outs are much more rapid. Single adults earning more than \$80,000, heads of household earning more than \$120,000, and married adults filing jointly earning more than \$160,000 will not be eligible for any payments.

Just as consequential, although less publicized, are changes to the child tax credit. Eligible parents—i.e. individuals earning less than \$75,000 per year and married adults filing jointly earning less than \$150,000 per year—will now begin receiving an increased tax credit of \$3,600 per child under 6 and \$3,000 per child between 6 and 17. The credit phases out by \$50 per every additional \$1,000 of adjusted gross income earned, and the credit will be completely unavailable to

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individuals earning more than \$95,000 per year and married adults filing jointly earning more than \$170,000 per year. But perhaps the most important change is that, instead of receiving a lump sum credit after filing taxes, the credit will now be provided in advance as a monthly payment, allowing families to better manage their expenses.

There are myriad other individual benefits, such as no longer treating forgiven student loan debt as taxable income (which may facilitate future outright cancellation of some student debt); continuing to provide supplemental unemployment benefits, in the amount of \$300 per month, to individuals receiving unemployment benefits through September 6, 2021; extending the Pandemic Unemployment Assistance and Pandemic Emergency Unemployment Compensation programs; expanding food stamp benefits, boosting the earned income and child and dependent care tax credits; boosting Affordable Care Act subsidies and making COBRA coverage premium-free through September; and providing \$25 billion for programs providing emergency aid to renters unable to make their rent payments.

Relief for Businesses

The Act also includes relief for businesses, particularly through new and expanded Small Business Administration programs. The restaurant and hospitality industry has long advocated for targeted relief, and the American Rescue Plan Act delivers that for the first time in the form of a \$25 billion restaurant revitalization fund. Eligible restaurants can receive up to \$5 million—\$10 million for businesses with multiple locations—that can be used to cover payroll, mortgage and rent, utilities, and vendor expenses. Eligibility will be determined by comparing 2020 and 2019 revenues, with the aim of compensating restaurants for lost revenues while their businesses were shuttered and individuals were asked to stay home. \$5 billion of the total amount will be set aside for restaurants with under \$500,000 in 2019 revenue.

The Economic Impact Disaster Loan (EIDL) program will also receive \$15 billion for an Advance Grant program. The new program is designed to help businesses that previously applied for a grant under the EIDL Advance program—a now-terminated program that provided up to \$10,000 grants to struggling businesses early in the public health emergency—but that did not receive the full amount. The SBA will contact businesses that may qualify and will provide more detailed eligibility and application instructions.

The Paycheck Protection Program also received an additional \$7 billion in funding, but not an extension of time as many had hoped. The program is still scheduled to end on March 31, 2021. The major provisions of the program remain the same, although there was a slight expansion in eligibility to permit larger nonprofits to apply. Additionally, the Act provides \$1.325 billion in administrative funding to the SBA to give the agency the resources and manpower necessary to implement these programs.

Other business relief provisions include an expanded and extended employee retention credit; \$1.25 billion for the Shuttered Venue Operators Grant program; tax credits for employers who voluntarily continue to offer the paid sick and family leave benefits provided in the CARES Act; \$130 billion for K-12 schools and \$40 billion for institutes of higher education to help them reopen by investing in improved ventilation systems and PPE purchases; \$39 billion to child care providers to help them offset operating expenses and help families pay child care costs; and \$350 billion in aid to state and local governments that can be used to address COVID-19's economic effects through aid to households, small businesses, nonprofits, and affected industries such as tourism and hospitality.

VORYS COVID-19 TASK FORCE

Vorys is actively monitoring these developments and will continue to analyze the situation and provide updates. We have also established a comprehensive Coronavirus Task Force, which includes attorneys with deep experience in the niche disciplines in which we have been and expect to continue receiving questions. [Learn more and see the latest updates from the Task Force.](#) If you have questions regarding this news, please contact your Vorys attorney or a member of our [Coronavirus Task Force](#).