

Good afternoon,

First and foremost, thank you for your work to support our local economies which make Texas a leader in a variety of industries. As many of you are sorting through news updates about COVID-19, I want to ensure you have access to information that will directly impact local businesses that keep our communities strong.

On Saturday, Congressman Carter supported [H.R. 6201](#) the *Families First Coronavirus Response Act*, which provides resources for businesses that are currently navigating the growing need for paid family and medical leave. This legislation ensures that American workers can take paid sick or family leave, while also providing free diagnostic testing for COVID-19. Through tax provisions and additional funds, we are prioritizing families and small businesses to keep our country going.

As business owners reach out for guidance, I wanted to share a few FAQs that may help assist your members.

### **Small Business FAQs:**

*I'm worried my small business will have to close due to financial issues. Will there be more assistance?*

Secretary Mnuchin has made clear immediate assistance is on the way. Moreover, H.R. 6047— the first Coronavirus bill— allowed \$1 billion in loan subsidies to be made available to help small businesses, small agricultural cooperatives, small aquaculture producers, and nonprofit organizations which have been impacted by financial losses as a result of the coronavirus outbreak. This funding could enable the Small Business Administration to provide an estimated \$7 billion in loans to these entities. In addition, provides \$20 million to administer these loans.

**Impacted small businesses should register with the Texas Division of Emergency Management first. This registration allows counties to meet the threshold of eligibility for funds. To access the registration worksheet, click [here](#). Once counties meet the requirements, businesses can receive funds if they apply. Businesses must apply for assistance [here](#).**

*My small business can't afford to pay sick leave.*

H.R. 6201— the second Coronavirus bill, as passed by the House — includes a refundable payroll tax credit to reimburse—dollar-for-dollar—local businesses for paid sick leave and family and medical leave wages paid to employees that are affected by COVID-19.

*The leave is fully funded by the tax credit, but my small business will be interrupted by cash flow issues.*

H.R. 6201 provides significant relief to businesses that otherwise may not be able to afford the employee costs associated with coronavirus-related paid leave. Treasury has broad regulatory authority to advance funds to employers to protect businesses concerned about cash flow. In a March 14<sup>th</sup> [press release](#), Treasury stated that “employers will be able to use cash deposited with the IRS to pay sick leave wages. Additionally, for businesses that would not have sufficient taxes to draw from, Treasury will use its regulatory authority to make advances to small businesses to cover such costs.”

*The legislation exempts businesses with more than 500 employees from mandated paid leave while imposing the requirement on small- and medium-sized job creators.*

The benefits under H.R. 6201 are not an expense for the business, rather it operates as a benefit to both the worker and the employer. The legislation will ensure that every dollar of leave that an employer is required to pay is reimbursed—dollar-for-dollar—by the federal government. It will allow workers to care for themselves and loved ones impacted by coronavirus. Additionally, the credit will help businesses to stay up and running. After all, workers who knowingly show up sick jeopardize the health of coworkers and business operations.

Nearly 90% of businesses with more than 500 employees offer paid sick leave to their full-time workers. To facilitate more universal coverage of paid sick leave, H.R. 6201 provides temporary federal coverage for paid sick and family leave to all employers with fewer than 500 employees.

*Does the bill mandate an unaffordable extension of FMLA on my small business?*

H.R. 6201 as passed by the House permits the Secretary of Labor to exempt businesses with fewer than 50 employees from the longer-term mandate where it creates significant hardship.

*H.R. 6201 Families First Coronavirus Response Act (includes technical changes as passed by House 03/16/2020)*  
**Overview Employer Paid Leave Requirements and Tax Credit Provisions**

	Covered Employers	Duration of Leave	Qualifying Reasons for Leave	Required Wage Replacement	Applicability of: Division G – Tax Credits for Paid Sick and Paid Family and Medical Leave
<b>Division E – Emergency Paid Sick Leave</b>  Effective 15 days after enactment.  Expires 12/31/2020	Private sector employers with fewer than 500 employees.  Public sector employers with 1 or more employees.  Good cause exemption for employers with fewer than 50 employees. Applies to reason #5 only. (DOL Rule)	Employer must provide 2 weeks of paid sick leave for full-time covered employees.  Special rule for part-time employees.	1. Employee is subject to a Federal, state or local quarantine related to COVID-19. 2. Employee has been advised by a health care provider to self-quarantine. 3. Employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis. 4. Employee is caring for an individual who is subject to quarantine pursuant to 1 and 2. 5. To care for a child or children whose school or care provider is unavailable due to COVID-19. 6. Employee is experiencing a similar condition as specified by HHS, DOL or Treasury.	<b>Reasons #1-3:</b> Employee's regular rate of pay. Capped at \$511/day and \$5,110 total.  <b>Reasons #4-6:</b> 2/3 of employee's regular rate of pay. Capped at \$200/day and \$2,000 total.  Special rule for part-time employees.	Private sector employers with fewer than 500 employees may obtain a credit for wage replacement:  <u>Employers receive 100% payroll tax credit (refundable as needed)</u> for required paid sick leave wages plus certain health care expenses of the employer.  Special rule for self-employed.
<b>Division C – Emergency Family and Medical Leave</b>  Effective 15 days after enactment.  Expires 12/31/2020	Private sector employers with fewer than 500 employees.  Good cause exemption for employers with fewer than 50 employees. (DOL rule)	Employer must provide 10 weeks of paid family and medical leave for employees (employed for at least 30 days).  Special rule for part-time employees.	Employee is unable to work (or telework) due to a need for leave to care for a son or daughter under 18 years of age if the school or place of care has been closed, or the child care provider is unavailable, due to a public health emergency.	Not less than 2/3 of regular rate of pay based on # of hours scheduled to work. Capped at \$200/day and \$10,000 total.  Special rule for part-time employees.	Private sector employers with fewer than 500 employees may obtain a credit for wage replacement:  <u>Employers receive 100% payroll tax credit (refundable as needed)</u> for required paid family and medical leave wages plus certain health care expenses of the employer.  Special rule for self-employed.

*Prepared by Ways and Means Republicans*

[CLICK HERE](#) to download a PDF of the above chart.

**Other Commonly Asked Questions**

**Access to Unemployment Insurance**

*What flexibility is there for states to offer unemployment insurance now to individuals that have lost their job or are unable to work due to COVID-19 crisis?*

DOL has issued guidance which explains flexibility states have to provide unemployment benefits when:

- An employer temporarily ceases operations due to COVID-19, preventing employees from coming to work;
- An individual is quarantined with the expectation of returning to work after the quarantine is over; and
- An individual leaves employment due to a risk of exposure or infection or to care for a family member.

To find out details on your Texas' unemployment insurance program, visit DOL's website [here](#).

Below are updated websites from Centers for Disease Control and Prevention (CDC) that you may refer business and community leaders to:

- [Guidance for Businesses and Employers from CDC](#)
- [What do if you are sick](#)

Representative Carter and his office are closely monitoring all updates as they relate to our local needs to keep our homes, schools and businesses healthy and strong.

Together, we will get through this.

Should you have any questions or concerns, please do not hesitate to reach out.

Best,

**Murphy McCollough**

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