

American Rescue Plan Summary

The American Rescue Plan (ARP) Act of 2021 has passed both the House and Senate and is headed to President Biden to be signed into law. The \$1.9 trillion package is designed to facilitate the United States' recovery from the devastating economic and health effects of the COVID-19 pandemic.

Below is a summary of the key provisions in the ARP:

Pandemic Response

- The ARP provides approximately \$50 billion for additional COVID-19 testing and contact tracing, and \$19 billion will help increase the size of the public health workforce.
- An additional \$16 billion was provided to help speed up vaccine distribution and supply chains to ensure every American can get vaccinated as soon as possible.

Restaurant Revitalization Grant Program and Additional PPP Money

- The ARP establishes a new program to be run out of the Small Business Administration to provide restaurants and bars \$28.6 billion in pandemic assistance grants.
- The grants can provide up to \$10 million per company with a limit of \$5 million per physical location and be used to cover payroll, rent, utilities and other expenses. It is unclear if Hotels with restaurants in them could qualify.
- The plan also provides an additional \$7.25 billion in funding for the Paycheck Protection Program and expands eligibility to some non-profits.

State and Local Government

- The American Rescue Plan includes \$350 billion in aid to states, cities, tribal governments, and U.S. territories. These funds are designated to help replace lost tax revenue due to the pandemic.
- Importantly, the Senate inserted a provision directing a portion of that state and local funding be used to help the most impacted businesses, including businesses in the hospitality and tourism sector, such as hotels. It is unclear at this time how each state and local government will distribute this money.



Economic Development Administration

The American Rescue Plan provides the Economic Development Administration with \$3 billion to aid communities in rebuilding local economies, which includes a \$750 million set-aside for the travel, tourism, and outdoor recreation sectors.

Direct Financial Payments, i.e. Stimulus Checks

- The plan provides for direct \$1,400 stimulus payments to people making \$75,000 or less annually, building on the \$600 payments in the second stimulus package to reach the \$2,000 mark originally requested by former president Trump in December.
- Individuals with adjusted gross incomes (AGIs) of \$75,000 or less — and couples with AGI s of \$150,000 or less — will receive the full amount; so will each of their dependents regardless of age.
- Payments to individuals with AGIs over \$75,000 will be reduced until they disappear entirely at \$80,000 (\$160,000 for couples).

Extended Unemployment Benefits and COBRA

- The American Rescue Plan extends unemployment benefits of \$300 a week through September 6, 2021.
- In addition, the first \$10,200 in 2020 benefits is tax free for families making \$150,000 or less.
- The Act also provides a 100% subsidy of COBRA health insurance premiums so unemployed workers can remain on their employer healthcare plans through the end of September.

Extended Employee Retention Tax Credit

- The bill extends and expands the Employee Retention Tax Credit (ERTC) through December 31, 2021. The ERTC, originally enacted in the CARES Act, helps struggling businesses retain and rehire workers.
- The bill expands the ERTC to allow certain severely distressed businesses to claim the credit for a greater share of employee wages. It also expands the credit to cover newly formed businesses, to help spur hiring and recovery. For more information on the ERTC and to see if you qualify, please [click here](#).

Paid Sick Leave Credit

- The bill provides an extension and expansion of the paid sick and FMLA leave tax credits created in the Families First Coronavirus Response Act of 2020.
- It provides payroll tax credits for employers who voluntarily provide paid leave through the end of September 2021.
- It also expands eligibility to state and local governments that provide this benefit.

Expanded Child Tax Credit

The legislation calls for payments of \$3,000 a year for each child ages 6 to 17, and \$3,600 for each child under age 6 for couples who make \$150,000 or less and single parents who make \$112,500 or less. Payments would be sent by direct deposit on a monthly basis, according to current language.

For example:

- A family with one child under six would receive \$300 per month and \$250 per month for children from six to 17.
- As written, the bill provides for one year of credit payments. The idea behind regular payments is to help families pay for ongoing costs instead of claiming a credit when they file their taxes. The credit is refundable, meaning everyone who qualifies will get it no matter their tax situation.