



**LEGISLATIVE UPDATE:  
COVID-19 Rescue/Recovery Package  
4.0; PPP Expansion and Forgiveness;  
Payroll and Unemployment Benefit  
Executive Orders  
August 14, 2020**

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Both the U.S. Senate and House of Representatives are now in recess until September 8 and 14, respectively, leaving emergency unemployment compensation and Paycheck Protection Program forgiveness and additional funding hanging in the balance. House leadership previously canceled the August recess, but [changed plans on August 10](#) when negotiations broke down. Legislators are working in their districts and conducting committee business.

*Roll Call, "[Senate Breaks for August Recess with No Coronavirus Deal in Sight](#)," August 13, 2020*

Sticking points in the negotiations include emergency unemployment compensation extension, state and local government COVID-19 funding, and USPS funding. While negotiations between Treasury Secretary Mnuchin, White House Chief of Staff Mark Meadows, and Speaker Nancy Pelosi may continue behind the scenes, it's unclear if Congress would be called back before September to vote on a deal. House leadership announced that the Chamber could return with 24 hours' notice, but any one Senator could block votes prior to September 8.

The House of Representatives passed the HEROES Act in May, the Senate only recently began considering package 4.0 with the introduction on July 27 of the HEALS Act. Because 20 Republican Senators have vowed to vote against any form of a 4.0 rescue/recovery package, Senate Majority Leader McConnell needs Democratic support.

Below is a status update of a few items of concern to TechServe Alliance member firms:

**Paycheck Protection Program (PPP) Supplemental Funding and Forgiveness**

The COVID-19 rescue/recovery package 4.0 was expected to include a second draw for certain PPP loan recipients, plus simplification for loan forgiveness. TechServe Alliance member businesses that received PPP loans were anxiously looking forward to these changes and further guidance, including potential automatic loan forgiveness.

The Small Business Administration (SBA) has moved forward with processing forgiveness applications under existing law, although many lenders have not. On August 4, 2020, the [SBA issued more guidance](#) on PPP loan forgiveness based on existing law; this [guidance was updated on August 11](#). On August 10, 2020, the [SBA opened the portal](#) for banks to submit borrower loan forgiveness applications; however, [many lenders have put their own forgiveness application processes on hold](#) pending expected new PPP legislation.

See [TechServe Alliance Industry Update, July 31, 2020](#) for more information about pending PPP proposals.

Our TechServe Alliance Team has planned a PPP Update Webinar for August 27 from 12:30 p.m. to 1:30 p.m. Register today: [PPP Loans Round 1 \(and a Round 2?\): An Update](#)

**Date:** Thursday, August 27, 2020

**Time:** 12:30 PM - 1:30 PM ET

**Moderator:** Mark Roberts, CEO, [TechServe Alliance](#)

**Panelists:** Julie Strandlie, Government Affairs Representative, [TechServe Alliance](#)

Ali Baydoun, Principal, [UHY LLP](#)

Loni Winkler, Principal, [UHY LLP](#)

Martin L. Borosko, Managing Partner, [Becker LLC](#)

How likely is Congress to approve a second round of Payroll Protection Program loans? What are the eligibility criteria being considered and how do they differ from the Round 1? What is the latest guidance around forgiveness of PPP loans that have already been disbursed? During this webinar, government affairs, legal and accounting experts will share the latest developments on the PPP loan program, the centerpiece of the federal response to offset the devastating economic impact on small businesses precipitated by the COVID-19 pandemic.

In the meantime, please contact us with your experiences, concerns, and questions.

### **Emergency Unemployment Benefits**

As the emergency unemployment benefits expired on July 31, 2020, the President on August 8, 2020 issued an [Executive Order](#) creating the Lost Wages Assistance (LWA) program which would provide \$400/week (down from \$600/week) if states kicked in \$100/week. The EO was not clear and left White House officials offering confusing interpretations. On August 13, 2020, the [Department of Labor issued guidelines](#) confirming that the federal program will provide \$300 without a required state contribution; states could, but were not required to, provide an additional \$100.

*Forbes*, "[Confirmed: Extra \\$400 Unemployment Benefit Extension Slashed to \\$300; State Match Optional](#)," August 13, 2020

### **Payroll Tax Deferral (Executive Order)**

The [CARES Act](#) (as expanded by the [Paycheck Protection Flexibility Act](#)) allows employers to defer the employer share of payroll taxes. The President's [August 8, 2020 Executive Order](#) would permit the deferral, under certain circumstances, of the employee share of payroll taxes until 2021. This EO would be effective from September 1, 2020 to December 31, 2020.

Like the unemployment compensation EO, the payroll tax deferral EO presents both legal and implementation issues. On August 12, 2020, [the U.S. Chamber of Commerce wrote](#) Treasury Secretary Mnuchin expressing serious concerns about this EO:

This EO gives rise to significant questions about implementation. The Chamber appreciates recent reports that this EO will be optional but needs additional clarification about who elects this application. Further, there is uncertainty as to who is ultimately liable for the repayment of the deferred taxes, and when the repayment will be due and what mechanism will be used to collect that repayment.

*The Hill*, "[US Chamber asks Treasury to Clear Up 'Serious Concerns' about Payroll Tax Deferral](#)," August 12, 2020

The TechServe Government Affairs Team will continue to monitor developments on these issues and keep members apprised. Please contact us with your experiences and concerns so we can discuss these matters with key members of Congress.