Update on Proposed Senate Legislation – “HEALS Act”

The Health Economic Assistance Liability Protection & Schools (HEALS) Act shares some overlapping tax priorities with the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act. Like the HEROES, HEALS Act has not been approved, but pieces of legislation are pending approval. The HEALS Act is piecemeal legislation limited in size and scope focusing on providing financial support for schools, bulking up the national stockpile of medical supplies, and providing more than $40 billion for vaccines and COVID-19 research. The bill also seeks to codify IRS guidance allowing group health plan expenses to be considered qualified wages even when no other wages are paid. More importantly, the HEALS Act allows employers to be eligible for both the employee retention credit and the loan forgiveness under the Paycheck Protection Program (PPP), with certain limits to prevent double benefits. At the time of this newsletter’s writing, the Senate has not agreed on what will be included in the HEALS Act.

Major PROPOSED business tax provisions in the HEALS Act include:

- Providing a shield to employers who follow certain COVID related protocols from being sued by its employers (Safe to Work Act);
- Increasing the employee retention credit from 50% to 65% of wages and increasing the wage cap to $10,000 per employee each quarter ($30,000 total), with other changes to expand eligibility.
- Providing a temporary new category of Work Opportunity Tax Credit (WOTC) of up to $5,000 for employers who hire workers unemployed during the pandemic.
- Providing a refundable 50% payroll tax credit for certain expenses related to protecting employees from COVID-19.
- Allowing businesses to provide certain benefits to independent contractors without affecting their worker classification.
- Allowing the full deduction of all business meals from the date of enactment through the end of the year.
- Creating a $7.5 billion allocation of tax credits for investing in domestic facilities for manufacturing medical personal protective equipment (PPE).
- Allowing the repatriation of certain intellectual property used in PPE production without taxable gain.
- Permitting farmers to waive application of certain net operating loss modification provided by the CARES Act.

Major PROPOSED Provisions for Individuals include:

- Unemployment: Proposed cut to the unemployment payment from $600/week to $200 while the federal supplement is calculated individually to give workers no more than 70% of their previous wages, when state and federal payments are combined.
- Stimulus check: Issuing a second round of $1,200 refund checks for each filing adult, plus $500 for each dependent (not limited to minors).
- Taxation: Exempting workers who cross state lines from state income tax outside of their state of residence or any state in which they work more than 30 days annually through 2024.
- Easing rules for COVID-19 related withdrawals from certain retirement plans.
- Allowing unused Flexible Spending Account (FSA) contribution for 2020 to be rolled into the 2021 plan year.
- Making care provided at an on-site employer clinic as an eligible Health Savings Account (HSA) expense through December 31, 2021.

Further Discussion of the piecemeal legislation on the following page.


**Tribal Impact of Proposed Legislation**
The HEALS Act proposes to expand allowable uses of CARES Act/Coronavirus Relief Fund (CRF) payments for a limited amount for “lost revenue” incurred from March 1, 2020 to 90 days after the close of the tribal government’s 2021 fiscal year. Under the HEALS Act proposals, Tribal governments could use up to 25% of their CFT allocation for “lost revenue,” only after the government certifies that it has distributed at least 25% of CRF funds it received to downstream governments (i.e. for counties this would mean other local governments within the county).

**Impact of Proposed Legislation on Schools**
The HEALS Act proposals include $105 billion for schools, $15 billion for childcare, $16 billion for testing, and. A proposed bill would provide scholarships for private school students, creates a new tax credit for contributions to scholarship-granting organizations, and provides federal support for childcare providers. Bill can be found here: [https://tinyurl.com/y3274rx5](https://tinyurl.com/y3274rx5).

**Safeguarding America’s Frontline Employees to Offer Work Opportunities Required to Kickstart the Economy (SAFE to Work Act)**
The SAFE to Work Act contains proposed language to protect health care responders, and the facilities in which they work, from the unnecessary risk of medical liability lawsuits for acts or omissions arranging for or providing coronavirus-related health care services. The bill is in response to the serious risk of healthcare professionals during the pandemic while facing workforce shortages. The Act would cover coronavirus-related medical liability claims against healthcare providers retroactively to December 1, 2019 and continue through the next 5 years. The Bill can be found here: [https://tinyurl.com/vyxw4ng4y](https://tinyurl.com/vyxw4ng4y). The *American Workers, Families, and Employers Assistance Act* was introduced to provide proposed assistance to American workers, families, and employers during the COVID-19 pandemic. The bill would provide further relief for workers affected by Coronavirus, provide assistance to individuals, families and employers to reopen the economy, improve job creation and employment hiring and retention, provide clarification and corrections to the CARES Act, promote access to health care services, provide emergency support for nursing homes, and provide additional flexibility and accountability for coronavirus relief fund payments and state tax certainty for employees and employers. Bill here: [https://tinyurl.com/y6xj99s9](https://tinyurl.com/y6xj99s9).

**Coronavirus Response and Additional Supplemental Appropriations Act**
This bill would provide $8.3 billion in emergency funding for federal agencies to respond to the coronavirus outbreak. The bill would fund programs that address issues such as developing, manufacturing and procuring vaccines and other medical supplies; grants for state, local, and tribal public health agencies and organizations; loans for affected small businesses; evacuations and emergency preparedness activities at U.S. embassies and other State Department facilities; and humanitarian assistance and support for health systems in the affected countries. Bill here: [https://tinyurl.com/y3lbpw6e](https://tinyurl.com/y3lbpw6e).

The **Continuing Small Business Recovery and Paycheck Protection Program Act** seeks to reform portions of the original Paycheck Protection Program (PPP) Act that small businesses criticized. This includes proposed changes to the types of expenses eligible for forgiveness, while also providing additional financial assistance to small businesses still struggling to stay afloat, both with short-term PPP loans and a new long-term PPP recovery loan program. The bill includes 4 areas of focus: 1) PPP Second Draw Loans – providing $190 billion in funding for PPP loans and second draw loans 2) PPP improvements – this would include expanding forgivable expenses 3) Small Business Growth and Domestic Production Investment Facility – this would set aside $10 billion to registered SBA Small Business Investment Companies – private companies that offer small business financing 4) Guidelines for SBA Loans to Recovery Sector Businesses – this would allocate $100 billion in long-term, low-cost loans to eligible “recovery sectors” of the economy. Read the bill here: [https://tinyurl.com/v6fuc548](https://tinyurl.com/v6fuc548).

**Safely Back to School and Work Act**
The “Safely Back to School and Work Act” bill proposes short-term assistance to help child care providers reopen and stay open so that parents have a safe place to send their children when they return to work. The Act allows states to build out programs to help child care providers reopen and maintain operation for 9 months. Outlined in the Act are back to work child care grants, grants for states and tribes to access strategic national stockpile, modernizing infectious disease date collection, and more. The summary can be found here: [https://tinyurl.com/y4vcgzo5](https://tinyurl.com/y4vcgzo5).

**The Supporting America’s Restaurant Workers Act**
The Coronavirus has led to more than 5.5 million restaurant workers losing their jobs as the pandemic hit. But the impact of COVID-19 on restaurants includes not just restaurant owners and workers, but also farmers, suppliers, agricultural laborers, and the list goes on. Included in the HEALS Act relief package is a provision aiding restaurants and restaurant workers. The HEALS Act includes a provision which would provide 100% deduction for business meals through the end of 2020… helping to boost all of those impacted by COVID-19 in the restaurant industry. The provision hopes to lead to more customers, more opportunities for hardworking staff, and much-needed revenue for small businesses across the country. Read the bill here: [https://tinyurl.com/yyzq5yxt](https://tinyurl.com/yyzq5yxt).

**Time to Rescue United States’ Trusts (TRUST) Act**
This bill would establish congressional rescue committees to develop recommendations and legislation to improve critical social contract programs (i.e. Social Security, Medicare Part A, federal highways). Current projections predict that these key social contract programs would run out of funding as early as next year or within the next decade. TRUST would focus on preserving these programs and each rescue committee may develop recommendations and legislation to improve the program for which it was established. Read the bill here: [https://tinyurl.com/y4azpmfz](https://tinyurl.com/y4azpmfz).
How Can CILS Help?

**FCC Spectrum Licenses** – CILS can help with application or determining eligibility.

**Grants** (see below) - CILS staff can discuss whether the tribe is eligible for a grant and in preparing documentation.

For assistance contact the CILS office closest to your tribal location at:

<table>
<thead>
<tr>
<th>Location</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escondido Office</td>
<td>(760) 746-8941</td>
</tr>
<tr>
<td>Bishop Office</td>
<td>(760) 873-3581</td>
</tr>
<tr>
<td>Eureka Office</td>
<td>(707) 443-8397</td>
</tr>
<tr>
<td>Sacramento Office</td>
<td>(916) 978-0960</td>
</tr>
</tbody>
</table>

**TRIBAL FUNDING RESOURCES**

**IHS Tribal Management Grant Funding Opportunity.** This competitive capacity building grant is available to federally recognized tribes and tribal organization with the purpose of developing infrastructure and analyzing current programs to improve management and organization systems. More information can be found at: [https://www.federalregister.gov/documents/2020/06/23/2020-13470/office-of-direct-service-and-contracting-tribes-tribal-management-grant-program](https://www.federalregister.gov/documents/2020/06/23/2020-13470/office-of-direct-service-and-contracting-tribes-tribal-management-grant-program). **DEADLINE August 24, 2020.**

**FCC – COVID-19 Telehealth Program.** Provides eligible health care programs support in purchasing telecommunications, information services, and connected devices necessary to provide telehealth services to patients in response to COVID-19. More information can be found at: [https://www.fcc.gov/covid-19-telehealth-program](https://www.fcc.gov/covid-19-telehealth-program). **There is currently no deadline.**


---

**School Choice Now Act**

This bill would redirect some coronavirus-relief funding to school-choice programs so families could continue sending their children to private and home schooling during the pandemic. Essentially the Act would repurpose some of the emergency education-relief funding currently included in the CARES Act, which already provides aid to state education departments and local school districts. 10% of the funds would be redirected to fund scholarship organizations to cover private-school tuition or other expenses, such as the cost of homeschooling. Read the bill here: [https://tinyurl.com/y4oepw58](https://tinyurl.com/y4oepw58).

**Labor, Health and Human Services, Education and Related Agencies Committee Proposal**

Under this $226.202 billion proposal, money would be directed towards the Department of Labor, the Department of Health and Human Services, the Department of Education, and the Corporation for Public Broadcasting. Read the provisions, including specific funding amounts, here: [https://tinyurl.com/y3yd27qs](https://tinyurl.com/y3yd27qs).

**Restoring Critical Supply Chains and Intellectual Property Act**

This bill would require that any purchases by Health and Human Services of covered items for the Strategic National Stockpile must be manufactured domestically and from components grown, reprocessed, reused, or produced in the United States. Items covered would include: PPE; sanitizing supplies and ancillary medical supplies such as disinfecting wipes, privacy curtains, beds and bedding, testing swabs, gauze and bandages, tents, tarpaulins, covers, or bags; any other textile medical supplies and textile equipment. Read the bill here: [https://tinyurl.com/y2huo87o](https://tinyurl.com/y2huo87o).

---

**WEBINAR NOTICE:**

Register for NAFAO’s “Understanding Coronavirus Relief Fund Reporting Requirements” webinar on **Wednesday, August 5, 2020 at 10 AM (PST).**

**Description:** The Department of the Treasury Office of Inspector General will be providing an overview of Coronavirus Relief Fund (CRF) reporting requirements related to updated guidance to be issued on July 31, 2020. Following the overview there will be a question and answer session.

**Register here:** [https://tinyurl.com/y27s98fb](https://tinyurl.com/y27s98fb).
TRIBAL COVID-19 RESOURCES

For updates on COVID-19 and Resources for Tribal Communities see the following links:

State of California:

A one-stop page collecting information related to COVID-19 can be located at: https://covid19.ca.gov/.


Federal Resources:


Indian Health Service: https://www.ihs.gov/coronavirus/.


Centers for Disease Control: Providing information on how to protect yourself and what to do if you are sick. Also contains the most update-to-date information on the virus and medical news related to the virus: https://www.cdc.gov/coronavirus/2019-ncov/index.html.

Office of the Assistant Secretary for Preparedness and Response: https://www.phe.gov/emergency/events/COVID19/Pages/default.aspx.


Tribal Specific Webpages with Daily Updates


NICWA: https://www.nicwa.org/coronavirus/

NIHB: https://www.nihb.org/covid-19/
