Rep. Stephanie Murphy **May 2020**

Fact Sheet on the *Jumpstarting Our Businesses' Success Credit (JOBS Credit) Act of 2020*

- This bipartisan bill was introduced by Reps. Stephanie Murphy (D-FL), John Katko (R-NY), Suzan DelBene (D-WA), Brian Fitzpatrick (R-PA), and Chris Pappas (D-NH).

- The bill would enhance the pro-worker and pro-business employee retention tax credit (ERTC) that Congress and the President negotiated for inclusion in the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*. See P.L. 116-136 (Section 2301).

- The purpose of the ERTC is to encourage businesses of all sizes to retain their employees in active or furloughed status during the COVID-19 crisis. Workers would continue to receive income, employer-sponsored health insurance, and other benefits. They would not have to apply for unemployment benefits, which can be an onerous process, can provide inadequate economic support, and represents a significant cost to the federal government and to state governments. Keeping workers connected to their jobs also ensures that both employers and employees are better-positioned to resume normal operations once the pandemic ends.

- The ERTC included in the *CARES Act* is a refundable tax credit equal to 50 percent of up to $10,000 in qualified wages that an eligible employer, including a non-profit organization, pays to an employee between March 12, 2020 and January 1, 2021—that is, a maximum of $5,000 per employee. An employer is eligible for the credit if they had to fully or partially suspend operations due to COVID-19, or if the employer experienced a "significant decline in gross receipts," due to COVID-19, defined as having gross receipts that are 50 percent less than gross receipts in the same quarter in the prior calendar year. For large employers (defined as those with more than 100 full-time employees in 2019), qualified wages are the wages paid to an employee for time that the employee is not providing services. If the employer had 100 or fewer full-time employees, all wages paid by the employer are credit-eligible.

  The bipartisan bill introduced today, called the *Jumpstarting Our Businesses' Success Credit (JOBS Credit) Act of 2020*, would make a number of targeted improvements to the ERTC to better fulfill its goal of keeping workers connected to their jobs during this crisis. The changes include:

  - Increasing the credit percentage from 50 percent to 80 percent of qualified wages;
  - Increasing the per-employee limitation from $10,000 for all calendar quarters to $15,000 per calendar quarter (and an aggregate of $45,000 for all calendar quarters);
  - Changing the threshold for treatment as a large employer from employers having more than 100 employees to employers having more than 1,500 employees (based on the average number of full-time employees in 2019) or having gross receipts above $41.5 million in 2019;
  - Making it easier for employers to qualify for the credit by phasing in the credit, so that employers who have experienced more than a 20 percent decline in gross receipts can claim a portion of the credit;
  - Clarifying that "qualified wages" include qualified health benefits and that employers who continue providing such benefits to their employees qualify for the ERTC even if they do not continue paying other qualifying wages;
  - Allowing state, territory, and tribal governmental employers (and any political subdivision, agency, or instrumentality of these entities) to claim the credit if these employers retain employees notwithstanding the closure of their operations; and
  - Improving coordination between the ERTC and the Paycheck Protection Program so employers can be eligible for both programs, but with guardrails in place to prevent "double dipping."