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Paycheck Protection Program extension clears Congress, heads to White House

Congress this week approved and President Trump is expected to sign legislation that would extend the availability of loans under the now-expired Paycheck Protection Program (PPP) – one of the more popular business stimulus provisions enacted earlier this year to address the economic impact of the coronavirus pandemic – through August 8. But as lawmakers prepared to adjourn for a two-week Independence Day recess, the contours of the next round of significant economic recovery legislation remained unclear.

Paycheck Protection Program

The PPP extension legislation (S. 4116, sponsored by Senate Finance Committee member Ben Cardin, D-Md.) was approved in the Senate by unanimous consent on June 30 and cleared the House – also by unanimous consent – on July 1.
URL: https://www.congress.gov/bill/116th-congress/senate-bill/4116/text?r=1&s=1

The measure renews the Small Business Administration's authority to make PPP loans, but does not make other modifications to the program: for example, it does not include a change backed by lawmakers in both parties that would clarify that otherwise deductible business expenses funded with PPP loan proceeds would remain deductible even if the loan is forgiven; nor does it include provisions backed by members in both parties that would require the

SBA and Treasury Department to disclose the names of PPP loan recipients, the dollar amount of all loans received, and the names of all applicants that did not receive loans.

The PPP was created in March as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) and makes forgivable loans available to most businesses with fewer than 500 employees and to hospitality industry businesses with fewer than 500 employees per location. The loans are intended to be used largely for payroll expenses and a limited amount of nonpayroll business costs such as rent, utilities, and certain other expenses.

Early last month, Congress approved and the president signed bipartisan legislation to make the PPP more flexible for borrowers by extending "covered period" under the program's loan forgiveness rules, adjusting limitations imposed by the SBA on the percentage of loan proceeds that borrowers can use to cover nonpayroll expenses, and rescinding restrictions that prevented borrowers under the program from also taking advantage of certain other CARES Act tax incentives, such as payroll tax deferral. (For prior coverage, see *Tax News & Views*, Vol. 21, No. 30, June 5, 2020.)
URL: https://newsletters.usdbriefs.com/2020/Tax/TNV/200605_1.html

The program expired on June 30, as prescribed in the CARES Act. According to the most recent report from the SBA, nearly 4.8 million loans totaling $519 billion had been approved as of June 27 and nearly $134.5 billion in PPP funds remained unallocated.
URL: https://home.treasury.gov/system/files/136/SBA-Paycheck-Protection-Program-Loan-Report-Round2.pdf

S. 4116 is the final piece of economic recovery legislation to head to the White House ahead of the Independence Day recess. The Senate on June 30 approved a bill that would require federal agencies to check the Social Security death index before issuing payments to individuals – a move prompted in part by a recent Government Accountability Office report indicating that some $1.4 billion in stimulus checks under the CARES Act had been sent to people who had died – but the measure has not been taken up in the House.
URL: https://www.congress.gov/bill/116th-congress/senate-bill/4104/text?q=%7B%22search%22%3A%5B%22s.+4104%22%5D%7D&r=1&s=1
URL: https://www.gao.gov/reports/GAO-20-625/

Post-recess stimulus outlook remains uncertain

Congress made little apparent progress this week toward reaching a deal on a potential "phase 4" coronavirus relief bill, however, and bipartisan, bicameral negotiations on that package are not expected to begin in earnest until the House and Senate come back into session the week of July 20.

House Democrats laid down their marker with The Heroes Act (H.R. 6800), a $3 trillion-plus measure that cleared the chamber on May 15 and proposes some significant changes to tax provisions included in previous recovery bills and adds a slate of new tax and nontax economic relief proposals. (For details, see *Tax News & Views*, Vol. 21, No. 27, May 15, 2020.) In a letter released June 29, House Speaker Nancy Pelosi, D-Calif., and Senate Minority Leader Charles Schumer, D-N.Y., urged Senate Majority Leader Mitch McConnell, R-Ky., to begin "immediate" negotiations on economic recovery legislation.
URL: https://newsletters.usdbriefs.com/2020/Tax/TNV/200515_1.html
URL: https://www.speaker.gov/newsroom/62920

But McConnell has maintained over the last several weeks that action on another coronavirus response package should wait until policymakers can gauge the economic impact of the recovery bills that have been enacted to date and that new legislation should be more narrowly tailored than previous efforts – sentiments that he reiterated in comments to reporters on June 30.

"So, I think the time to focus on this, as I said three months ago and as others have said today, is that period in July, which also I think dovetails nicely with the perfect time to take an assessment of the economy and the progress we're making on the health care front," he said.

McConnell also has been circumspect in his comments regarding the specific contents of a future economic recovery bill. He told reporters June 30 that the focus would be on "kids, jobs, and health care" as well as liability protections for health care workers, business owners, and employees, and that he will not accept Democratic proposals to extend the CARES Act's enhanced unemployment insurance benefits without significant changes.

“We need to make sure, for those who are not able to recover their jobs, unemployment is adequate. That is a different issue from whether we ought to pay people a bonus not to go back to work. So I think that was a mistake,” McConnell said. (One criticism of the CARES Act’s more generous unemployment benefits has been that some individuals may receive more in unemployment insurance payments than they lost in wages.)

Among rank-and-file lawmakers, tax discussions generally have focused on some bipartisan proposals related to expanding the CARES Act’s employee retention tax credit, as well as proposals – mainly from Republicans – to allow businesses to monetize certain unused tax credits and to provide some type of “back to work bonus” potentially working in lieu of, or in concert with, enhanced federal unemployment benefits.

White House weighs in: President Trump, meanwhile, renewed his recent call for another round of direct stimulus payments to individuals, telling Fox Business on July 1 that he supports “larger numbers than the Democrats,” but adding – without elaboration – that a direct payment program would have to “be done properly.”

Congress approved “recovery rebates” of $1,200 for single individuals, $2,400 for married individuals filing jointly (subject to income-based phase-outs and other eligibility rules), and $500 for each qualifying child in the CARES Act. House Democrats proposed a new round of recovery rebates in The Heroes Act that would expand the CARES Act provisions by bumping up the payments for dependents to $1,200 and broadening the roster of eligible dependents to include adult dependents and dependents up to age 24 who are full-time students as well as certain noncitizens. The maximum available benefit would be $6,000 per household.

Indicators point to deal this month: Most observers continue to believe that a confluence of factors – especially, Congress’s planned departure from Washington for its August recess and the scheduled expiration at the end of July of the CARES Act’s extra $600-per-week unemployment insurance benefit funded by the federal government – will force action on some sort of coronavirus-related legislation this month, though the cramped schedule and the large number of complex areas of disagreement all pose challenges for lawmakers working towards a deal.

The upcoming debate and the parameters of the next economic recovery package will likely be shaped by just-released June unemployment numbers from the Labor Department’s Bureau of Labor Statistics, which showed that the US economy added 4.8 million jobs and the unemployment rate fell to 11.1 percent.

A partisan divide over how to interpret what those numbers say about the relative strength of the economy began to emerge shortly after the report’s release.

In remarks on the Senate floor July 2, Republican Conference Chairman John Barrasso of Wyoming – the third highest-ranking GOP leader in the chamber called the report “wonderful news for American workers, for families all across the country.”

But Senate Democratic Leader Schumer said in a July 2 news release that the report “may just be a slight peak in a much larger valley,” and cautioned that “unless President Trump demonstrates real leadership and the Senate GOP get off their hands and work with Democrats to provide additional federal fiscal relief, the pain America is experiencing will only worsen.”

Note: See separate coverage in this issue for a discussion of the pandemic-related developments at the IRS, including its decision not to further extend certain tax filing and payment deadlines, its efforts to implement various provisions in recent economic recovery legislation, and an update on recently issued guidance.

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No further extensions of July 15 tax filing and payment deadline, Treasury says

The Treasury Department and Internal Revenue Service announced June 29 that the extended tax filing and payment deadline of July 15 will not be further postponed. Individual taxpayers unable to meet the July 15 due date can request an automatic extension of time to file until October 15.

URL: https://www.irs.gov/newsroom/taxpayers-should-file-by-july-15-tax-deadline-automatic-extension-to-oct-15-available

Earlier this year, in response to disruptions caused by the coronavirus pandemic, the IRS issued guidance (Notice 2020-23) which provided that taxpayers would have until July 15, 2020, to file and pay taxes (including estimated taxes) that were originally due on or after April 1 and before July 15.
URL: https://www.irs.gov/pub/irs-drop/n-20-23.pdf

Treasury Secretary Steven Mnuchin said at a recent forum sponsored by Bloomberg that he was "thinking about" an additional delay in tax filing deadlines, although he cautioned that he was "not intending on doing that." (For prior coverage, see *Tax News & Views*, Vol. 21, No. 33, June 26, 2020.) In a statement released June 29, Mnuchin indicated that the decision to retain the current deadline was made "[a]fter consulting with various external stakeholders."
URL: https://newsletters.usdbriefs.com/2020/Tax/TNV/200626_2.html
URL: https://home.treasury.gov/news/press-releases/sm1047

IRS filing season update and coronavirus response

For his part, IRS Commissioner Charles Rettig shed some additional light on the decision during a June 30 Senate Finance Committee hearing on the 2020 filing season and the IRS's response to the pandemic. In an exchange with Republican taxwriter John Thune of South Dakota, Rettig explained that Treasury and the IRS raised the deadline issue with state government officials as well as a variety of professional services organizations and that the consensus from those discussions was to leave the July 15 cutoff in place.

Rettig noted that one business association solicited comments about the deadline from a thousand of its members. Based on that feedback, Rettig said that the business community has "started to settle into a degree of reality" about the pandemic economy and was prepared to move ahead with the tax filing process.

Rettig and Senate taxwriters spent much of the hearing discussing challenges the IRS has faced in implementing the tax relief provisions for businesses and individuals in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136), which was signed into law on March 27 and the Families First Coronavirus Response Act (P.L. 116-127) enacted on March 18.

Employee retention credit issues: In an exchange with Sen. Ben Cardin, D-Md., Rettig noted there has been "a degree of fraud" related to the CARES Act's employee retention tax credit (ERTC) – a refundable credit against the 6.2 percent employer-side Social Security payroll tax that is available to certain employers that either fully or partially suspended operations due to a government order or that sustained a significant decline in gross receipts because of the pandemic. Rettig noted, though, that the Service has put indicators and filters in place to identify fraudulent claims, and he told Cardin that he would be interested in consulting with lawmakers and staff about additional protections that would curb potential fraud in the program.

The House proposed expanding the ERTC in The Heroes Act (H.R. 6800), which it approved in May, and several lawmakers in the Senate have expressed interest in expanding the credit when that chamber takes up its next round of economic recovery legislation after the Independence Day recess. (For details on The Heroes Act, see *Tax News & Views*, Vol. 21, No. 27, May 15, 2020. For a discussion of the current status of the stimulus debate in Congress, see separate coverage in this issue.)
URL: https://rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-116hr6800ih.pdf
URL: https://newsletters.usdbriefs.com/2020/Tax/TNV/200515_1.html

Finance Committee Democrat Mark Warner of Virginia, who has proposed legislation (S. 3793) to expand the ERTC, asked Rettig why employers can only request an advance payment on their credits using the fax-based Form 7200 rather than filing electronically.
URL: https://www.congress.gov/bill/116th-congress/senate-bill/3793/text?q=%7B%22search%22%3A%5B%22%5C%22paycheck+security+act%5C%22%22%5D%7D&r=1&s=1

Rettig replied that the Service has been working to "streamline" the process for claiming advance credits, although he noted that moving to an e-filing process would require a significant commitment of technical resources at a time when the Service is working to implement a number of other new emergency tax relief provisions on the fly.

Sen. Maggie Hassan, D-N.H., asked Rettig about the timelines for processing advance payments for the ERTC and for the paid family and medical leave credits enacted in the Families First Act. Hassan specifically noted that these payments are supposed to be completed in two weeks but that in some cases the actual processing time has been "significantly" longer – something that she said could create a problem for the Service as businesses reopen and more employers take advantage of the credits.

In response to a question from Montana Republican Sen. Steve Daines – another supporter of expanding the ERTC – Rettig said that the process of paying out advance credits to employers has been "working smoothly" in general, although he acknowledged that it could be simplified.

Non-COVID business tax issues: Finance Committee member Robert Menendez, D-N.J., citing a recent report from the Treasury Inspector General for Tax Administration (TIGTA) which found that certain large fossil fuel companies had improperly claimed nearly $900 million in tax credits for carbon capture, storage, and enhanced oil recovery under section 45Q, asked Rettig what is being done to hold these companies accountable. Menendez also urged the Service to commit to auditing all section 45Q claims filings that have been submitted to date by taxpayers seeking a credit of $10,000 or more and to put safeguards in place to prevent future abuses.
URL: https://www.menendez.senate.gov/imo/media/doc/TIGTA%20IRC%2045Q%20Response%20Letter%20FINAL%2004-15-2020.pdf

Rettig replied that the IRS has been "exercising [its] best efforts" to audit claims for the section 45Q credit but also needs to balance resources for that project with the resources needed to address other audit priorities.

High-net-worth nonfilers: Finance Committee ranking Democrat Ron Wyden of Oregon pressed Rettig on another recently released TIGTA audit report showing that for tax years 2014 through 2016 the IRS did not audit nearly 900,000 high-net-worth individuals who failed to file returns and whose combined unpaid tax bills totaled an estimated $45.7 billion.
URL: https://www.treasury.gov/tigta/auditreports/2020reports/202030015fr.pdf

Wyden attributed the situation – in part, at least – to "years of Republican budget cuts" that led to reductions in the Service's enforcement efforts; but he criticized Rettig for not bringing the issue to the Finance Committee's attention once he learned of it after taking over as commissioner in 2018.

Rettig replied that since he became commissioner the Service has, among other things, made several key personnel changes and a created a fraud enforcement group headed by a career IRS criminal investigator.

"We have touched all nonfilers that we are aware of with respect to 2017, 2018, [and] we will with respect to 2019," he added.

Wyden asked how much of the uncollected $46 billion from 2014 through 2016 the IRS has been able to recover. Rettig said he could not provide a precise answer at the hearing but would get back to Wyden with those details. Wyden asked for a written response within one week.

Coronavirus (and other) guidance

In other developments this week, the IRS released pandemic-related guidance addressing the treatment of net operating losses (NOLs) by consolidated groups, the extension of time to file for quick refunds of the deduction for NOL carrybacks, the implications of certain mid-year retirement plan amendments, and the deadline for completing certain transactions related to the low-income housing credit. In addition, a tax alert from Deloitte Tax LLP looks at recent IRS guidance on qualified opportunity funds.

Net operating losses: The IRS on July 2 issued proposed regulations and temporary regulations that provide guidance for consolidated groups regarding NOLs.

The 2017 tax code overhaul – known informally as the Tax Cuts and Jobs Act or TCJA (P.L. 115-97) – generally disallowed NOL carrybacks and provided that NOLs arising after 2017 were deductible against only 80 percent of taxable income. The CARES Act amended the TCJA provisions to allow taxpayers to carry back NOLs arising in 2018, 2019, and 2020 to the five prior tax years, and also allow NOLs incurred in these years to fully offset prior-year taxable income.

The proposed regulations provide guidance for consolidated groups regarding the application of the 80 percent limitation enacted in the TCJA and the application of the NOL carryback provisions subsequently enacted in the CARES Act.
URL: https://s3.amazonaws.com/public-inspection.federalregister.gov/2020-14427.pdf

They also would remove obsolete provisions from the rules for consolidated groups that contain both life insurance companies and nonlife insurance companies.

The temporary regulations allow certain acquiring consolidated groups to make an election to waive all or a portion of the pre-acquisition portion of the CARES Act's extended carryback period for certain losses attributable to certain acquired members.
URL: https://s3.amazonaws.com/public-inspection.federalregister.gov/2020-14426.pdf

Refunds of NOL deductions: The IRS on June 29 issued two additional FAQs (FAQs 19 and 20) relating to the extension of time to file the 2018 Forms 1139 and 1045 to claim to quick refunds of the deduction for NOLs that was previously provided in Notice 2020-26. FAQ 19 confirms that the extension granted by Notice 2020-26 applies to consolidated groups. FAQ 20 provides that the last date to file Forms 1139 and 1045 that were originally due June 30, 2020 (under Notice 2020-26) has been extended to July 15, 2020.
URL: https://www.irs.gov/newsroom/temporary-procedures-to-fax-certain-forms-1139-and-1045-due-to-covid-19
URL: https://www.irs.gov/pub/irs-drop/n-20-26.pdf

Mid-year retirement plan amendments: Notice 2020-52, which the Service released on June 29, clarifies the requirements that apply to a mid-year amendment to a safe harbor section 401(k) or 401(m) plan that reduces only contributions made on behalf of highly compensated employees. It also provides temporary pandemic-related relief from certain requirements that would otherwise apply to a mid-year amendment to a safe harbor section 401(k) or 401(m) plan adopted between March 13, 2020, and August 31, 2020, that reduces or suspends safe harbor contributions.
URL: https://www.irs.gov/pub/irs-drop/n-20-52.pdf

Low-income housing credit: Notice 2020-53, which was released July 1, postpones until December 31, 2020, the deadline for completing certain time-sensitive actions or satisfying certain requirements related to the low-income housing tax credit that otherwise were due on or after April 1, 2020, and before December 31, 2020. It also temporarily lifts requirements for owners of low-income buildings to perform recertifications and compliance-monitoring inspections and includes a special rule for emergency housing of medical personnel and other front-line workers.
URL: https://www.irs.gov/pub/irs-drop/n-20-53.pdf

Also on July 1, the Service released proposed regulations – unrelated to the pandemic – that would relax the minimum compliance-monitoring sampling requirement for purposes of physical inspections and low-income certification review provided in amendments to the low-income housing credit compliance-monitoring regulations (T.D. 9848).
URL: https://www.irs.gov/pub/irs-drop/reg-123027-19.pdf

Deloitte Tax alert on qualified opportunity funds: A new tax alert and summary table from Deloitte Tax LLP examine recent IRS guidance (Notice 2020-39, and updated FAQs) that provides pandemic-related temporary relief from complying with certain time-sensitive requirements for tax-advantaged investments made by eligible taxpayers through a qualified opportunity fund in any of the 8,764 census tracts that have been designated as qualified opportunity zones under the 2017 tax code overhaul.
URL: https://newsletters.usdbriefs.com/2020/Tax/TNV/200703_x_suppA.pdf
URL: https://newsletters.usdbriefs.com/2020/Tax/TNV/200703_x_suppB.pdf
URL: https://www.irs.gov/pub/irs-drop/n-20-39.pdf
URL: https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions

Find out more: A running list of guidance and other resources that address significant tax issues stemming from the pandemic is available from Deloitte Tax LLP.
URL: https://newsletters.usdbriefs.com/2020/Tax/TNV/Stimulus-Resource-Table.pdf

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House approves infrastructure spending bill, Affordable Care Act enhancements

The House of Representatives this week approved, largely along party lines, two key Democratic legislative priorities – a massive infrastructure spending and tax incentive package and a separate measure to bolster the Patient Protection and Affordable Care Act of 2010 (PPACA); but neither bill is expected to advance in the Republican-controlled Senate.

Infrastructure

The INVEST in America Act (H.R. 2, formerly known as the Moving Forward Act), which was approved July 1 by a vote of 233-188, is centered around a nearly $500 billion, five-year reauthorization of highway and mass transit spending that the Transportation and Infrastructure Committee reported on June 18. But it also goes much further by calling for large outlays related to upgrading schools and child care facilities, expanding the nation's stock of affordable housing, delivering broadband Internet access to underserved communities, upgrading drinking water and wastewater infrastructure, modernizing the electric grid to accommodate more renewable energy sources, investing in health care- and postal service-related upgrades, and tripling current levels of Amtrak funding to accommodate upgrades and expansions of passenger rail service.
URL: https://www.govinfo.gov/content/pkg/BILLS-116hr2rh/pdf/BILLS-116hr2rh.pdf

Tax provisions: On the tax side, the bill calls for a number of enhancements to current-law credits and incentives as well as some new proposals aimed at spurring private investment in infrastructure, housing, and low-income neighborhoods, as well as encouraging renewable energy and energy efficiency. At a high level, key tax provisions in H.R. 2 would:

- Extend (and in some cases modify) the production and investment tax credits for electricity produced from certain renewable resources; credits for carbon dioxide sequestration; and incentives for nonbusiness energy property, residential energy-efficient property, energy-efficient commercial property, and energy-efficient new homes. It also would expand the credit under section 30D for qualified plug-in electric drive motor vehicles and extend tax credits for alternative fuel vehicle refueling property (section 30C), qualified fuel cell motor vehicles (section 30B), and two- and three-wheeled plug-in electric vehicles. These provisions are substantially similar to those in the Growing Renewable Energy and Efficiency Now Act, which Ways and Means Committee Democrats released as a discussion draft last November (for prior coverage, see *Tax News & Views*, Vol. 20, No. 38, Nov. 22, 2019) and in freestanding legislation that House Ways and Means Select Revenue Measures Subcommittee Chairman Mike Thompson, D-Calif., introduced on June 24.
  URL: http://newsletters.usdbriefs.com/2019/Tax/TNV/191122_2.html
  URL: https://mikethompson.house.gov/sites/mikethompson.house.gov/files/GREEN-Act.pdf
- Reinstate now-expired Build America Bonds, restore the tax-exempt status of interest on advance refunding bonds, and make a number of other changes to expand the scope of bond programs.
- Permanently extend and enhance the new markets tax credit.
- Enhance the low-income housing tax credit.
- Increase the historic rehabilitation credit percentage and make other enhancements to the credit.
- Reinstate the prior-law itemized deduction for casualty losses in excess of 10 percent adjusted gross income.

(For additional details, see *Tax News & Views*, Vol. 21, No. 33, June 26, 2020.)
URL: https://newsletters.usdbriefs.com/2020/Tax/TNV/200626_1.html

No significant pay-fors: H.R. 2 does not propose an increase in the politically sensitive gasoline tax or, for that matter, any of the other taxes that are dedicated to the Highway Trust Fund, such as those imposed on diesel fuel and kerosene, certain highway tires, and certain heavy trucks and trailers sold at retail. Instead, it would extend those taxes at their current levels for an additional five years (through September 30, 2027) and rely on a $145 billion transfer from the government's general fund to keep the trust fund solvent.

Moreover, aside from a number of bond provisions, which would be expected to generate some revenue, H.R. 2 does not include significant tax or spending offsets that would cover the anticipated reduction in federal receipts resulting from its expansive package of tax incentives and other spending. Without pay-fors, the lawmakers would need to rely on a large transfer from the general fund, which would likely result in a substantial impact on the federal deficit.

An estimate from the Joint Committee on Taxation staff released July 1 indicates that the tax provisions in H.R. 2 as approved would decrease federal receipts by more than $347 billion between 2020 and 2030, with the green energy package alone carrying a 10-year price tag of nearly $150 billion. A preliminary estimate from the Congressional Budget Office indicates that once the measure's direct spending increases are taken into account, the total impact on the deficit over the budget window swells to more than $549 billion.
URL: https://www.jct.gov/publications.html?func=startdown&id=5265
URL: https://www.cbo.gov/system/files/2020-06/HR2.pdf

Affordable Care Act enhancements

The Patient Protection and Affordable Care Enhancement Act (H.R. 1425: text, section-by-section summary), which cleared the chamber on June 29 by a vote of 234-179, generally is intended to build on the PPACA by expanding access to health care and strengthening protections for individuals with pre-existing conditions.
URL: https://rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-116HR1425-RCP116-56.pdf
URL: https://energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/documents/Section-by-Section_0.pdf

Prescription drug price controls, manufacturer excise tax: The measure includes a provision not in the PPACA as enacted that, broadly speaking, would require prescription drug manufacturers to negotiate with the federal government to determine maximum prices for certain selected prescription drugs and insulin products.

Drug manufacturers that do not participate in the mandatory price-setting program would face a new "manufacturer excise tax" under Internal Revenue Code Chapter 32 that would apply to all sales by a manufacturer, producer, or importer of those products that are subject to a negotiated price cap.

The initial tax rate would be set at 65 percent and would increase by 10 percentage points for each quarter a manufacturer remains out of compliance, up to a maximum of 95 percent. The provision would be effective for sales after the date of enactment.

Premium assistance tax credit enhancements: The bill also would make the PPACA's premium assistance tax credit more generous by (1) expanding the income threshold for determining eligibility and increasing the size of the credits for individuals and families; (2) reversing Trump-era regulatory changes for determining annual updates to premium tax credit eligibility rules and maximum out-of-pocket limits; (3) modifying the affordability threshold for dependent care coverage under the credit to make it easier for working families to qualify for a federal subsidy; and (4) excluding certain lump-sum Social Security payments from modified adjusted gross income for purposes of the advance premium tax credit reconciliation rules.

No chance of enactment this year

Neither of the House-passed bills is expected to become law during the 116th Congress. They are expected instead to serve primarily as Democratic policy markers in future legislative debates (the current highway authorization expires September 30) and on the campaign trail ahead of the 2020 congressional and presidential elections.

In a July 1 floor speech, Senate Majority Leader Mitch McConnell, R-Ky., dismissed the House infrastructure proposal as "a multi-thousand-page cousin of the Green New Deal masquerading as a highway bill" and vowed it "is not going anywhere" in that chamber. Meanwhile, senators are working to move their own highway bill – a five-year, $287 billion reauthorization of highway and mass transit programs called America's Transportation Infrastructure Act – that was reported by the Environment and Public Works Committee on a unanimous basis during July of 2019; but due to its own perennial shortfall in gas tax receipts, the Senate measure could require roughly $90 billion in additional deficit financing or budget offsets to be identified by the Finance Committee to cover its proposed general fund transfer to the Highway Trust Fund. (Although the shortfall does not have to be offset, lawmakers have attempted to do so as part of recent highway bills).

The proposed package of enhancements to the PPACA is also unlikely to be taken up in the Senate. Congressional Republicans generally opposed the original Affordable Care Act legislation in 2010 and have consistently supported efforts to repeal it in the years since it was enacted.

The White House, meanwhile, has indicated in separate statements of administration policy that the president would veto both bills if they were to reach his desk. The administration criticized H.R. 2 as being "full of wasteful 'Green New

Deal' initiatives that would impede economic growth and impose unnecessary mandates, hindering innovation and driving up costs for the American people," and it labeled H.R. 1425 as an attempt to "resuscitate tired, partisan proposals that would send hundreds of billions of dollars to insurance companies in order to paper over serious flaws in Obamacare."

URL: https://www.whitehouse.gov/wp-content/uploads/2020/06/SAP_-HR-2.pdf
URL: https://www.whitehouse.gov/wp-content/uploads/2020/06/SAP_HR-1425.pdf

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