



# WAYS AND MEANS

REPUBLICANS | KEVIN BRADY, REPUBLICAN LEADER

## Democrats' Recipe for a Prolonged Recession: More Joblessness, More Mandates, and a Windfall for Millionaires and Special Interests

*Once Again, Americans Forced to Wait as Democrats Push a Partisan \$3 Trillion Phone Book of a Bill that Can't Pass Senate*



### RAPID RESPONSE

• THE CORONAVIRUS BULLETIN •

Speaker Pelosi introduced her partisan coronavirus recovery bill, or "Phase 4," without once consulting with Republicans. In fact, many of its provisions include policies that have been soundly rejected by Republicans in the past. Here's some of what's in the bill.

#### Worker and Family Support Provisions

#### **It Doesn't Continue Unemployment Insurance—It Ensures Unemployment Continues**

- Doubles down on paying individuals more not to work.
- Forces local businesses to compete with unemployment benefits for workers through spring of 2021.
- Extends \$600/week supplement through Jan. 31, 2021, plus transition to allow the supplement to continue through March 31, 2021 for those who have not exhausted their weeks of benefits.

#### **Forces Every Employer—No Matter What—to Provide Paid Leave for Another Full Year, and Leaves Some Employers with an Unfunded Mandate**

In order to slow the spread of coronavirus to prevent the crash of our health care system, Congress mandated paid leave as part of the Phase 2 Families First Corona Response Act (FFRCA). It was only supposed to last until the end of December this year and employers are fully reimbursed.

- **FFRCA's paid leave mandate struck a balance.**
  - **It applied to employers with fewer than 500 employees:** Larger employers already had paid leave arrangements with employees.
  - **The mandate was coupled with relief to offset costs:** A tax credit of 100% of wages paid.
  - **Employers with fewer than 50 employees could receive an exemption for undue hardship.**
- **Democrats are calling to kill that balance.**
  - **Overreach:** This bill expands the mandate to ALL employers.
  - **No Relief:** Only provides tax credit reimbursement for employers with less than 500 employees, and removes the small business exemption.

- **Too Much Time:** Extends and expands the Families First Corona Response Act (FFRCA) paid sick and paid family and medical leave mandate on employers through the end of **2021**.

Jumpstarting the economy will require transitioning away from inflated, one-size-fits-all “stay-at-home” unemployment benefits in the CARES Act, which in some cases exceed a worker’s paycheck. Families shouldn’t lose money for choosing to work.

## Health Provisions

**Democrats Prioritize Partisanship over Protections for Health Care Providers, Ignore Health Providers Plea For a Safe Harbor Against Frivolous Lawsuits:** Hospitals and other health care providers on the front line of fighting the pandemic shouldn’t have to fight frivolous lawsuits instead of safely providing care for patients seeking cancer treatments, heart surgeries, or other procedures. [[LINK](#)]

**Democrats Seek to Expand Obamacare:** Despite [POTUS having already rejected](#) the expansion of Obamacare, Democrats are seeking to push through a new Special Enrollment Period—despite the availability of current law special enrollment periods for newly unemployed workers when they lose their job-based coverage.

- Every single person who loses their employer-based health care already qualifies for a Special Enrollment Period (SEP) because coverage loss is a qualifying life event. This is current law and automatically applies to everyone who has lost their job during the COVID-19 pandemic. In fact, [half of the newly unemployed](#) can already access a SEP under current law because they lost their employer coverage. Over a quarter would still have access to their current insurance.
- Others are already eligible for other options, like short-term plans which allow year-round enrollment.
- Individuals who have foregone these options or were uninsured prior to the pandemic are already guaranteed access to testing and treatment for COVID-19, thanks to Congress’s action to provide free testing for the uninsured and the Trump Administration’s commitment to use part of the \$175 billion Provider Relief Fund to cover treatment for the uninsured.

**Democrats Ban Information About Lower Cost Coverage Options:** House Democrats want to ban the government from sharing any information about lower cost health insurance choices like association health plans or short-term limited duration plans with families:

- Short-term plans may not be for everyone but they can offer coverage than is [60 percent cheaper](#) than Obamacare plans.
- Even in a crisis, with record unemployment and fiscal uncertainty for American families, House Democrats— led by Speaker Pelosi— think they know best.
- They are using this pandemic to expand their own top-down, Washington-driven view of the world, going as far as to deny Americans access to even information about options that aren’t Obamacare.

**Democrats Reject Pro-Life Concerns:** Under current law, the loss of a job allows an employee to keep their insurance for a limited time through “COBRA.”

- House Democrats know full well any bipartisan solution to use federal funds to subsidize private coverage must include pro-life protections to ensure no federal funds are used to provide non-Hyde-compliant abortion services. This proposal does not include these protections, and Democrats are unwilling to address these concerns.
- Moreover, these subsidies could be greater for people when they’re unemployed than what their employers provide when employed—which could make it less attractive to return to work.

**Democrats Make Room for More Giveaways:** Among Congressional Democrats list of priorities in this nationwide emergency is a special giveaway that directs extra funds to just 3 blue states. Speaker Pelosi will have to explain to her progressive caucus how this special carveout got included, [but not other priorities](#).

## **Tax Provisions**

This bill is a Democratic wish list of tax provisions that undoes years of commonsense reforms.

**Providing Millionaires with a Windfall is not a Coronavirus Priority:** Democrats are seeking of a repeal of the SALT deduction cap for 2020 and 2021, a tax cut that overwhelming benefits the top 1 percent while allowing states and municipalities to continue brutally taxing families and local businesses. Why are Democrats rushing to reward mainly wealthy homeowners and earners in those states? Raising the SALT deduction is a \$10 a year tax cut for the middle class; a \$140,000 a year tax cut for the wealthy.

### **A Bailout for Union Pensions, But Little Relief for Americans with Lost Retirement**

**Savings:** Democrats want to spend hundreds of billions of taxpayer dollars to bail out recklessly managed pension funds, also undoing a bipartisan 2014 reform. Yet little in the bill provides flexibility for average Americans who have had to dip into their retirement savings early in order to weather the storm.

**No More Paychecks, Just Tax Rebate Checks (That They Complained About):** Democrats want another round of rebate checks after loudly complaining about the first. Yet Democrats are opposing allowing people to get back to work so they can receive paychecks—and setting up these rebate checks so they can go to illegal immigrants.

**Forces Every Employer—No Matter What—to Provide Paid Leave for Another Full Year, and Leaves Some Employers with an Unfunded Mandate:** In order to slow the spread of coronavirus to prevent the crash of our health care system, Congress mandated paid leave as part of the Phase 2 Families First Coronavirus Response Act (FFRCA). It was only supposed to last until the end of December this year and employers are fully reimbursed.

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### **Repeals or Limits Bipartisan Tax Provisions that Provided \$150 Billion of Liquidity to**

**Businesses:** Democrats want to whipsaw local businesses and undermine the bipartisan CARES Act's provisions by shrinking the years from which a local businesses can receive a tax refund based on current losses.

- **How it works in CARES:** When a local store has a good year, they owe more in taxes. When a local store has a bad year, they have losses. The bipartisan CARES Act provided a cushion to these local businesses by allowing them to use those losses against the income in prior years, going back five years. Additionally, individuals with excess business losses in 2018, 2019, and

2020, are also able to “carryback” those losses to the preceding five taxable years. These losses would reduce the taxes owed in those prior years, and the store would receive a refund.

- **How Democrats want to change it:** Individuals with excess business losses would no longer be able to carry back those losses for a refund that would provide needed liquidity for their business. Additionally, business losses from 2019 may be carried back only one year, and losses from 2020 may be carried back only two years. And companies that sought to boost their employees’ retirement plans need not apply. The reason for doing this? To provide tax break for millionaires. (See section on SALT above.)