Preliminary Analysis of Nonprofit Provisions in the House HEROES Act and Senate HEALS Act

The following chart outlines the provisions in the House-passed HEROES Act and the recently introduced Senate HEALS Act as they relate to the charitable nonprofit community (Nonprofit Asia) as reflected in the new Nonprofit Community Letter, updated July 27, 2020, that is, 4,000 nonprofits from all 50 states. All provisions are subject to ongoing negotiations and should not be considered final until a relief bill is introduced.

| ISSUE | CARES Act  
(Pub. L. 116-136) | HEROES Act  
H.R. 6800 | HEALS Act  
Introduced July 27 |
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<tbody>
<tr>
<td><strong>Tax Provisions</strong></td>
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<td>Unemployment Insurance &amp; Self-Insured Employers</td>
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<td>Nonprofit Ask 100% federal coverage</td>
<td>50% reimbursement of unemployment benefits paid by the state to laid-off/furloughed employees of self-insured employers</td>
<td>No provision</td>
<td>75% reimbursement of unemployment benefits paid by the state to laid-off/furloughed employees of self-insured employers</td>
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<td>Universal Charitable Deduction</td>
<td>New above-the-line deduction (universal or non-itemizer deduction that applies to all taxpayers) for total charitable contributions of up to $300 in 2020</td>
<td>No provision</td>
<td>No provision</td>
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| Employee Retention Tax Credit | Refundable payroll tax credit  
• Suffer complete or partial shutdown and gross receipts drop of at least 50%  
• 50% credit (up to $5,000) per employee  
1. Under 100 – all employees  
2. Over 100 – only employees not able to work due to closure  
• Cannot take ERTC and PPP loans  
| Refundable payroll tax credit  
• Suffer complete or partial shutdown and gross receipts drop of at least 10%  
• 80% credit (up to $36,000) per employee  
  o Under 100 – all employees  
  o Over 100 – only employees not able to work due to closure  
• 50% credit for fixed costs (similar to PPP loan forgiveness rules)  
• Able to take ERTC and PPP  
| Refundable payroll tax credit  
• Suffer complete or partial shutdown and gross receipts drop of at least 25%  
• 65% credit (up to $19,500) per employee  
  o Under 500 – all employees  
  o Over 500 – only employees not able to work due to closure  
• Able to take ERTC and PPP |
| Reopening Tax Credits | No provision | No provision | Safe and Healthy Work Credit  
Refundable payroll tax for costs of personal pr  
equipment, texting, wo  
reconfiguration, and ot  
Capped at $1,000 per  
smaller employees (< 1  
and $500 per employe  
workers (> 1,000 wc  

| Loan Programs |  
| PPP Eligibility | Charitable nonprofits with 500 or  
fewer employees (counting each  
individual – full time or part time  
and not FTEs)  
Affiliation rule aggregates workers  
at separate affiliates of certain  
nonprofits to count toward the 500-  
employee cap | Removes the 500-employee cap;  
includes all 501(c) orgs., special  
restrictions on 501(c)(4)s  
Eliminates SBA affiliation rule for  
nonprofits  
25% set-aside for nonprofits, half  
for nonprofits with fewer than 500  
employees, half for those with more  
Extended covered period to  
12/31/2020 | Expands to include 50:  
| PPP Loan Amount | Lesser of $10 million or 2.5 times  
the average total monthly payroll | No provision | Maximum loan: $2 million  
| PPP Loan Forgiveness | Available if use funds to maintain  
payroll for 8-week period; SBA  
imposed 75% payroll rule | Reverses Treasury restrictions on  
non-payroll expenses, sets 5-year  
maturity, and mandates deferment  
of payments for 1 year  
Eligible expenses include personal  
protective equipment | Eligible expenses inclu  
protective equipment  
Most documentation w  
loans under $150,000  
Borrower picks 8-week  
forgiveness  
| PPP Second Round | No provision | No provision | Available to employers  
Employ 300 or fewer  
Experience 50% drop  
receipts measured s  
2020 v 2019  
Maximum loan $2 milli |
<table>
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<tr>
<th>Mid-Size Loan Program</th>
<th>Other Programs &amp; Provisions</th>
<th>State and Local</th>
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<tr>
<td><strong>Nonprofit Ask</strong> Require the Federal Reserve to quickly finalize Main Street Lending Program for nonprofits that offers a loan forgiveness option</td>
<td><strong>WORK NOW Act</strong> S.3747/H.R.7495 <strong>Nonprofit Ask</strong> $50 billion grant program promoting nonprofit employment, run through state &amp; local governments and infrastructure nonprofits</td>
<td><strong>State and Local</strong></td>
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<td>• Vague authorization of Economic Stabilization Fund and Main Street Loan Program for nonprofits</td>
<td>• No provision</td>
<td><strong>Funds for State and Local Governments</strong></td>
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<td>• Mandates Federal Reserve create Main Street Lending Program for nonprofits</td>
<td>• No provision</td>
<td>• Appropriated $150 billion in Coronavirus Relief Funds for state, territorial, local, and tribal governments</td>
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<td>• Loans to nonprofits serving low-income communities eligible for loan forgiveness</td>
<td>• No provision</td>
<td>• Appropriates $875 billion for state and local governments</td>
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<td>• No new appropriations</td>
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<td>• Provides some spendthrift protections</td>
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<td>• Extends the deadline for Coronavirus Relief Funds 30, 2020 to Sep. 30, 2020</td>
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<td>• Temporarily limits liability for personal injuries arising from COVID-19 exposure at college, nonprofit, church, and business</td>
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<td>• In order to qualify, entities must have made reasonable efforts to comply with applicable health guidelines, and not engaged in willful or grossly negligent behavior</td>
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