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Legislation in process

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Owners and Franchisees in the United States,

As the COVID-19 pandemic has continued to impact our industry and the global economy, Arne Sorenson and the Marriott leadership team have continued to be heavily engaged with policymakers at all levels, from the President, to Congressional and local officials. You have vastly magnified those efforts by reaching out to your local and federal elected officials and making clear to them the enormous impact this crisis is having on associates and the hospitality business. Together, we have communicated a clear and resounding message to policymakers: our industry has been particularly hard-hit, and without relief, countless jobs will be lost, and enormous future economic potential jeopardized.

Fortunately, this message is being heard, and action is being taken. Congress is poised to pass the Coronavirus Aid, Relief and Economic Security (CARES) Act – a package of relief measures for businesses, workers, and families. As we communicated last week, Marriott's efforts in the policy arena have been focused on **getting emergency assistance for employees, preserving business liquidity**, and **providing tax relief** through these incredibly challenging times. This legislation contains important provisions in each of those areas:

- **Emergency Employee Assistance:** The legislation includes substantial enhancements to federal and state unemployment insurance (UI) programs. Any individual who is unable or unavailable to work, unemployed, or partially employed for reasons related to COVID-19 is eligible for unemployment benefits, with no waiting period, even if they continue to receive health care coverage through their employer. Benefits are available for up to 39 weeks, from Jan. 27, 2020 through Dec. 31, 2020. The weekly benefit amount is equal to the amount that is normally provided under state law, equal to a minimum of 50% of average weekly compensation. An additional \$600 per week is available to all qualifying individuals through July 31, 2020.
 - **Short-Time Compensation:** Many states have short-time compensation programs that allow workers to have their hours reduced rather than being laid off. This legislation provides funding for those states to help cover the difference in pay between what a worker would normally receive and what they receive while working on a short-time basis. For states without the short-time compensation programs, the bill provides states with the incentive to create short-time support by providing 50% of the funding for such a program.
 - **Direct Cash Assistance:** Most individuals and households will also receive direct cash assistance in the coming weeks from the federal government. All married couples with a gross income of up to \$150,000 will receive \$2,400. Check amounts will increase by \$500 for every child in the household. Individuals above these income thresholds may receive a reduced amount, with the benefit going away entirely for individual filers making \$99,000 or more, and for joint files with no children making \$198,000 or more.
- **Preserving Business Liquidity:** The legislation provides new options for owners and franchisees to access capital during the pandemic, including:
 - **A new nearly \$350 billion Small Business Administration (SBA) Paycheck Protection Program:** This program includes zero-fee loans for the purposes of keeping employees on payroll, paying group health care benefits, and paying rent, mortgage interest, and utility expenses through the crisis. Individual loans can total up to \$10 million and up to 8 weeks of average payroll and other costs will be forgiven if a business meets certain criteria. These loans are available to businesses with 500 or fewer employees per physical location.
 - **Mid-Size Business Support:** For businesses between 500 – 10,000 employees the bill directs the Secretary of the Treasury to create a lending program that provides low-interest loans with no principal or interest due for six months. These loans are subject to several conditions.

- **Enhanced Economic Injury Disaster Loan Program:** Previous COVID-19 Relief legislation allocated additional funding for SBA's Economic Injury Disaster Loan (EIDL) loan program, which businesses can access once the President approves their state's disaster declaration and are capped at \$2 million. Additionally, this legislation provides for an advance grant of \$10,000 to small businesses who apply for EIDL loans which can be kept even if the loan isn't subsequently approved.
- **Tax Relief:** The bill contains measures to provide tax relief for employers during the pandemic. Specifically, the bill delays the payment of the employer share of payroll taxes for two years and extends net operating loss carryback provisions. It also defers estimated quarterly tax payments. Finally, the bill contains modifications to the Qualified Improvement Property provisions in the tax code. This provision allows franchisees and owners to write off costs associated with improving a hotel property over a shorter period than before. It also allows prior year tax returns to be amended for this purpose to provide a source of cash flow.
- **Employee Retention Tax Credits:** For businesses that choose not to utilize the new SBA program, a new employee retention tax credit may be available. This fully refundable credit of up to \$10,000 per worker is intended to help cover the wages and healthcare expenses of employees that are kept employed by qualified businesses. Eligible businesses must have experienced a 50% year-on-year drop in gross receipts or been subject to a forced closure of business by a government authority.

The details, regulations, and implementation are still being worked out, and the bill is still awaiting House passage, but we will be in touch with new information as it becomes available to inform you of these new tools.

We know how trying these times are as you work to preserve your business, and your workforce, and we know that no legislation or program can replace the healthy travel economy we saw just weeks ago. However, we hope that this relief will help all of us weather this storm. Marriott's team will keep working to support efforts that will benefit our industry and associates in the coming weeks.

Thank you for your past and continued advocacy efforts, and for your continued support and partnership. Together we will push through this crisis.

Best regards,

Marriott Owner & Franchise Services

Thank you for connecting and have a great day!

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