



UNITED STATES CONGRESS JOINT ECONOMIC COMMITTEE

— Congressman Schweikert, *Senior House Republican*

STIMULUS PROPOSALS – COVID-19

The ideas below are intended as temporary measures for the duration of the COVID-19 outbreak in the United States and its immediate aftermath

Support investments in businesses and communities

- **Temporary enhanced long-term capital gains rate applied to assets purchased during the crisis**
- **Temporary enhanced Section 179 deductions for qualified real property and capital equipment purchased during the crisis**
 - Increased cap
 - Modified inflation adjustment to compensate for lower inflation in the current period
- **Raise current bank-qualified municipal bond annual issuance limit (currently \$10 million) to create incentives for low-cost funding for local projects**
 - This would mirror a provision that was successful under the 2009 American Response and Recovery Act.
- **Authorize FEMA to administer non-traditional Community Disaster Loans for areas dependent on dislocated industries**
 - Title 1 of P.L. 115-72 provides precedent and language that would: lift \$5 million cap, allow for multiple loans to one recipient, and streamline cancellation authority for loans

Support access to capital so that businesses can continue to borrow funds to continue operations

- **Preferential tax treatment to encourage loans to small businesses**
 - Deferred tax, lower rate, or tax exemption for interest income on loans financial institutions extend to small businesses during the crisis
 - The magnitude of the benefit may be tied to the total volume of such loans issued by that financial institution, with greater benefits at higher volumes relative bank size to further promote liquidity; guardrails to ensure adequate underwriting

- **Preferential tax treatment to ensure business loans maturing during the crisis can be rolled over/refinanced**
 - Lower rate or tax exemption on securities that result from a refinancing
 - Tax exemption to the lender/service provider for debt issuance revenues from a refinancing
- **Promote restructuring of business debt where missed payments or covenant breaches during the crisis would otherwise trigger default**
 - Tax policies that aim to make default have a lower expected value and restructuring the loan have a greater expected value
 - Temporary reduction of bad debt expense deduction on new and existing loans for the period of the crisis
 - Enhanced tax deduction for haircuts for the period of the crisis
- **Temporary restoration of the net operating loss (NOL) carryback during the crisis**
- **Improve SBA loan interest rates for businesses that commit to maintaining their workforce**
 - For such businesses with less than ten people, reduce interest rates on SBA loans to 0%
 - For such businesses with more than 50 people, reduce interest rates on SBA loans by a percentage tied to the decrease in sales, with a higher reduction in sales resulting in lower interest rates on the loan

Expand resources for American families

- **Provide temporary extended disaster unemployment assistance**
 - P.L. 107-154 and P.L. 109-176 provide precedent and language that would extend the duration of benefits from 26 to 39 weeks