

Overview of Key Stimulus Agreement Items

Please note, this is a quick summary and not authoritative interpretation of the bill. (3/23/21)

Stimulus

- Individual adults with adjusted gross income on their most recently filed tax return of up to \$75,000 a year would receive the full \$1,400 payment; for heads of household, adjusted gross income must be \$112,500 or below, and married couples filing jointly or filing as a qualifying widow or widower, earning up to \$150,000 a year would get twice that amount.
- The income limits for this round are lower than previous rounds: \$80,000 for individual adults, \$120,000 for heads of households, and \$160,000 for married couples.
- Key changes from previous stimulus checks:
 - Adult dependents over the age of 17 qualify. Families with dependents would get \$1,400 for each dependent. Previously only child dependents garnered access to extra stimulus funds.
 - Unlike the first two payments, eligible families will get a payment based on all their qualifying dependents claimed on their return, including older relatives like college students, adults with disabilities, parents, and grandparents.
 - While the first two stimulus packages had provisions that did not allow private debt collectors to garnish from those two stimulus checks, the third stimulus check does not have that same protection and private debt collectors may be able to seize those funds if they have a judgment against recipients.
- As was in the most recent stimulus checks, two people who are married and are filing their taxes jointly where only one spouse has a Social Security Number (and the other spouse has an Individual Taxpayer Identification Number – ITIN), the spouse with a Social Security Number will be eligible for the individual and dependent portions of the stimulus. Such couples were ineligible for the first stimulus payment in Spring 2020.
- These stimulus payments are considered a “recovery rebate credit,” which means filing a return in 2021 will be important if someone did not receive either of the first two payments (and was eligible) or received less than they should have based on eligibility. Please have counselors review details about the recovery rebate credit to understand how clients can claim this credit on their 2021 tax return.
 - If a client believes they should expect a payment, they can visit the [IRS Get My Payment Portal](#) or call 800-919-9835 to get answers to Economic Impact Payment questions. Note: For inquiries about 1st/2nd stimulus payments, clients will need to call this number or create an account with the IRS which will require clients to have bank account information or student loan account information on-hand.

Unemployment Insurance

- The \$300 per week boost added to regular state payments has been extended through September 6, 2021.
- This extension adds 25 more weeks, so the total extension ends up being 49 weeks beyond the standard 26 weeks most states observe.
- The Pandemic Unemployment Assistance program – which provides benefits to freelancers, gig

workers, independent contractors and certain people affected by the pandemic - and Pandemic Emergency Unemployment Compensation program – which increases the duration of payments for those in the traditional state unemployment system - have also been extended through September 6, 2021.

- If someone has received an overpayment, the agreement now gives States the discretion to waive the overpayments when honest mistakes were made that could be painful to repay.
- Tax Implications in 2021
 - Exempts the first \$10,200 in 2020 unemployment benefits from federal income tax for households with incomes below \$150,000 a year.
 - The IRS will be handling the processing of returns already filed. You do not need to complete an amended return and changes will be communicated through the IRS.
 - State taxes could still apply.

Rent, Homeowner & Utilities Relief

- The bill includes nearly \$22 billion for emergency rental assistance, \$10 billion for homeowner assistance, and \$5 billion for Housing Choice Vouchers to support people recovering from homelessness and those families at greatest risk of eviction.
- Funds will be distributed through both states and localities
- Funds can be applied to back due or future rent or utility costs, including internet; eligible households can generally qualify for 12 months of costs, and up to 15 months if deemed necessary by the granting entity.
- There could be funds to support service delivery and administration.
- Review this Urban Institute blog for more information [UI blog post](#)

Eviction Moratorium

- Eviction and foreclosure moratoria have not been extended further and will end on March 31, 2021 as intended.

Tax Season – Currently for 2021 only

- Child Care Tax Credit Expansion
 - Is fully refundable now which means someone can get the refund even if it is more than the tax liability.
 - Increases the credit amount to \$3,000 per child and \$3,600 for children under 6.
 - Extends credit to 17-year-olds.
 - Credit will phase out at \$150,000 in income for married couples, \$112,500 for head of households and \$75,000 for single filers.
 - First half of the credit will be paid in advance through periodic payments (IRS is determining the timing) and the next half will be paid via the 2022 tax refund.
- Earned Income Tax Credit
 - Lowers the minimum age to receive the EITC to 19 years old (except for certain full-time students) and eliminates the maximum age limit of 65.
 - Increases the maximum credit for childless workers to \$1,502 for the 2021 tax year
 - Keeps the look-back feature so filers can still use their 2019 income (instead of 2021 income) when filing a return in 2022.

- Child and Depended Care Tax Credit
 - Is fully refundable now which means someone can get the refund even if it is more than the tax liability.
 - Based on the expanded maximum credit percentage and increased amount for childcare expenses, the credit is now up to \$4,000 for one child and \$8,000 for multiple children.
- The IRS has extended the date to file taxes until **May 17th, 2021**. The IRS urges anyone with a tax filing obligation who has not yet filed a tax return for 2018 or 2019 to file as soon as they can to receive an economic impact payment. Taxpayers should include direct deposit banking information on the return.

State and Local Coronavirus Fiscal Recovery Funds

- Each state, the District of Columbia, tribal governments, and counties and metropolitan cities (depending on size) will receive some amount of financial aid. **The Treasury Department is to release the funds within 60 days of enactment of the American Rescue Plan (ARP).**
- The amount of aid depends on the size or the CDBG formula for entitlement cities. For county and some city governments, [estimates can be found here](#).
- For small non entitlement communities, the state must distribute the funds within 30 days of receiving the aid from the US Treasury.
- Pending further guidance from Treasury, the ARP provides seemingly flexible language for these of the funding:
 - “to respond to the public health emergency to the Coronavirus... or its negative economic impacts, including assistance to households, small business, and nonprofits, or to aid impacted industries such as tourism, travel, and hospitality.”
- **Funds under this section of ARP must be expended by December 31, 2024.**

Miscellaneous Considerations

Here are a few additional items we wanted to note for further research to understand the implications for clients.

- Nutrition Assistance
 - 15% SNAP benefits increase is extended until September 2021.
 - \$1.135 billion shall be provided as grants to States agencies.
 - \$5 billion boost to the Pandemic-EBT program (P-EBT), designed to address the food needs of low-income children who cannot access free meals due to school closures. Families with children who qualify for free or reduced breakfast/lunch receive the value of these benefits on a state-issued card.
- The Tennessee Department of Human Services is currently working to pass a bill to increase TANF monthly benefits to families by 25% using the TANF reserve funds available.
- Small Business Assistance
 - The Paycheck Protection Program (PPP) is reopened with an additional \$7.25 billion allocated.
 - Eligibility expanded to additional nonprofits and digital news services.

- SBA's Economic Disaster Injury Loan (EIDL) program
 - Eligible businesses, independent contractors, gig workers, and self-employed individuals are eligible for up to \$10,000 in grants (not required to be repaid). Counselor should review the requirements for this type of loan.
 - Additional \$15 billion allocated
- New Restaurant Revitalization Fund created
 - \$29 billion fund providing grants to struggling restaurants and food businesses

Community Partnerships powered by United Way that can help:

VITA – Volunteer Income Tax Assistance program offers free tax preparation for households making less than \$66k/year. This year, most returns are being prepared virtually on an intuitive new platform that works on any smart phone. The VITA team is monitoring and implementing changes as soon as the IRS provides guidance including the above tax related information. To find out more about VITA tax preparation visit unitedwayfilefree.org to find all the filing options this year extended through May 17th, 2021. For partnership inquiries please reach out to LaToya Lowery latoya.lowery@unitedwaygn.org.

FEC – Nashville Financial Empowerment Center offers free, one-on-one, financial counseling to the greater Nashville area residents. There are no income restrictions, and the FEC professional counselors are providing virtual services to help people with any of their financial needs. With additional income reaching households who need it most due to this bill, the FEC counselors are poised to help clients on an individualized plan to help meet their personal financial goals. To schedule an appointment visit <http://fec.nashville.gov/> or by calling 615-748-3620. For partnership inquiries please reach out to Sam Williams Samantha.williams@unitedwaygn.org.

