



City of Livingston

1416 C Street
Livingston, CA 95334

March 26, 2020

To All City of Livingston Residents

The US Senate finally passed the two trillion dollar stimulus package late Wednesday night. Now the House of Representative will look at passing it.

Here are key provisions likely to affect you

DIRECT CASH SUPPORT FOR ALL

First things first. Most Americans will get direct cash support to help them weather the immediate financial impact, and a family of four would likely get \$3400.

Here's how that is figured:

- \$1200 per adult earning up to \$75,000 a year. Those earning between \$75,000 and \$99,000 will have that amount reduced by \$5 for every \$100 in income.
- \$2400 per couple, filing jointly up to \$150,000 a year. Those earning between \$150,000 and \$198,000 will have that amount reduced by \$5 for every \$100 in income.
- \$1200 for a "head of household"—a single parent—can earn up to \$112,000 per year; with a reduced scale up to \$136,500.
- \$500 per child.

What qualifies as your income level

Technically, it is your **2020** income that qualifies. Since no one knows this year's income, the government is using 2018 and 2019 tax returns. It is conceivable, though unlikely, that you could owe the money back if you go above the income thresholds in 2020 after receiving the payment, but that would not be due until April 15, 2021. You may want to know what happens if you earned more than would qualify in past years but because of business or job loss will earn less this year.

How will you get the money

You will receive that check by direct deposit if the IRS has your bank details from your tax returns. If not, they will mail you a check.

When will you get the money

The Treasury Secretary says he wants to get this out by April 6. It is unlikely it will happen that quickly and could take as long as eight weeks. Those getting the funds by direct deposit may get the funds earlier than those getting checks.

Is this money taxable?

No.

CITY OF LIVINGSTON

1416 "C" Street LIVINGSTON, CALIFORNIA 95334 PHONE: (209)394-8041 FAX: (209) 394-4190

www.livingstoncity.com

UNEMPLOYMENT INSURANCE, NOW INCLUDING SELF-EMPLOYED AND GIG WORKERS

- \$600 per week unemployment insurance is being made available for the self-employed, independent contractors, and gig workers who otherwise would not have qualified for unemployment.
- An additional \$600 per week is being given to those who already qualify for unemployment.
- Unemployment insurance will last for four months.

SMALL BUSINESS LOANS AND GRANTS – the Keeping American Workers Paid and Employed Act

\$377 billion is being made available for small businesses (under 500 employees) and self-employed/sole proprietors/independent contractors, including franchises and non-profits.

Loans. The maximum loan amount is 250% of one month's payroll costs (which includes wages, tips, taxes, health care, paid sick/family leave, vacation, retirement benefits). You can use loans for payroll, rent, commercial mortgage payments, utilities.

A few key provisions:

- Repayment deferral for one year, including principal and interest
- Maximum interest rate: 4%
- Fees lowered or waived
- No personal guarantees required

Loan forgiveness

A small business can get their loan "forgiven"—in essence, turned into a grant instead of a loan—by the percent of employees they keep on payroll (with no more than a 25% reduction in pay), and you can get additional forgiveness if you increase paid wages for those who would otherwise have received tips.

- SBA Express Loans: The maximum loan amount for SBA Express loans would be increased from \$350,000 to \$1 million. Express loans provide borrowers with revolving lines of credit for working capital purposes.
- Payroll tax deferment. For the rest of 2020, you can defer payment of the 6.2% federal payroll tax—paying half in 2021 and a half in 2022. You will still have to pay that tax, but you will have added cash flow now. Employers who do not apply for a small business loan but keep their employees on the payroll during the crisis would be eligible for a payroll tax credit (not just deferral).
- Small Business Grants. \$10 billion has been allocated for emergency grants of up to \$10,000 for small businesses applying for Economic Injury Disaster Loans (EIDL).

Sincerely,

José Antonio Ramírez,
City Manager