

Sen Boquist

From: Allanach Christopher
Sent: Tuesday, March 17, 2020 7:57 PM
To: Sen Boquist
Subject: RE: HR 6201 Small Business Impact - Coronavirus & Supply Chain

Follow Up Flag: Follow up
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Sen. Boquist,

Here's where I currently am on this. I found a different version of the bill that (I think) may be more recent. As you noted, there is a current state of confusion, but I've included a link below.
<https://docs.house.gov/billsthisweek/20200309/BILLS-116hr6201-SUS.pdf>

Here's my current understanding of the bill. I'll update as I learn more.

1. Division C amends the Federal Medical Leave Act and requires employers to provide paid leave for 14 days. The amount paid is 2/3 of the employee's regular rate of pay for their normally scheduled hours.
2. Division E requires employers to provide 80 hours of additional paid sick leave (pro-rated for part-time employees) for any of 5 specified reasons. This policy applies to businesses with fewer than 500 employees. Generally, the rate of pay is the employee's regular rate (or minimum wage if that's greater). For two of the reasons, the required compensation is 2/3 of their regular rate.
3. Division G provides a refundable tax credit against certain payroll taxes (as you noted) that would be claimed quarterly. While the bill does initially say that the credit is equal to 100 percent of the qualified sick leave wages paid, it then goes on to specify certain limits. For example, for purposes of calculating the credit, the maximum daily qualifying wages is \$200 or \$511, depending on the reason for the sick leave.

Also, it looks like the bill may be changing in the Senate, so we'll be watching for any additional details.

To understand the impact in Oregon, here is some preliminary sectoral wage information for Oregon. The Leisure and Hospitality sector has over 14,000 establishments and some 220,000 employees. Based on recent 2019 data, the total monthly wages are about \$450M per month. Similarly, Oregon's retail sector has about 14,000 establishments with about 210,000 employees. Retail's monthly average income is roughly \$575M. These are starting points because they represent the full sectors, so impact estimates would need to incorporate how much of each sector would be affected. Then, the business income perspective needs to be included as well. This is a start of understanding what a shut down might mean. Another next step is to estimate how the proposed federal law changes would affect these, as well as other, sectors.

We'll continue working on this. Happy to chat if you'd like as we move forward.

Chris

From: Sen Boquist <Sen.BrianBoquist@oregonlegislature.gov>
Sent: Tuesday, March 17, 2020 11:46 AM
To: Allanach Christopher <Christopher.Allanach@oregonlegislature.gov>; LEHNER Joshua * DAS <Joshua.LEHNER@state.or.us>
Cc: Sen Roblan <Sen.ArnieRoblan@oregonlegislature.gov>; Rep Evans <Rep.PaulEvans@oregonlegislature.gov>; Pursinger Branden <Branden.Pursinger@oregonlegislature.gov>; Brecht Justin <Justin.Brecht@oregonlegislature.gov>; HORNER Leah * GOV <Leah.HORNER@state.or.us>; Rep Barreto <Rep.GregBarreto@oregonlegislature.gov>; Sen

Johnson <Sen.BetsyJohnson@oregonlegislature.gov>; LEHNER Joshua * DAS <Joshua.LEHNER@state.or.us>
Subject: RE: HR 6201 Small Business Impact - Coronavirus & Supply Chain

Chris:

None the less we need data to be able to respond. We are talking what if's. We have done special sessions on a lot less. Was reminded earlier that closing bars results in lower if not an end to lottery revenue. This impacts the business, lottery, and negatively on bond ratings. Thus reducing our ability to respond further.

Thanks,

Brian

From: Allanach Christopher

Sent: Tuesday, March 17, 2020 10:33 AM

To: Sen Boquist <Sen.BrianBoquist@oregonlegislature.gov>; LEHNER Joshua * DAS <Joshua.LEHNER@state.or.us>

Cc: Sen Roblan <Sen.ArnieRoblan@oregonlegislature.gov>; Rep Evans <Rep.PaulEvans@oregonlegislature.gov>;

Pursinger Branden <Branden.Pursinger@oregonlegislature.gov>; Brecht Justin <Justin.Brecht@oregonlegislature.gov>;

HORNER Leah * GOV <Leah.HORNER@state.or.us>; Rep Barreto <Rep.GregBarreto@oregonlegislature.gov>

Subject: RE: HR 6201 Small Business Impact - Coronavirus & Supply Chain

Sen. Boquist,

I wanted to let you know I received your email and such analysis is ongoing. I've been reviewing the federal legislation and have had conversations with OEA about the potential economic impacts of the COVID-19 outbreak. One challenge we have is a landscape that is shifting very quickly. The data we have to date does not reflect any slowdown, despite the fact that we know it's occurring.

Chris

From: Sen Boquist <Sen.BrianBoquist@oregonlegislature.gov>

Sent: Monday, March 16, 2020 8:00 AM

To: Allanach Christopher <Christopher.Allanach@oregonlegislature.gov>; LEHNER Joshua * DAS <Joshua.LEHNER@state.or.us>

Cc: Sen Roblan <Sen.ArnieRoblan@oregonlegislature.gov>; Rep Evans <Rep.PaulEvans@oregonlegislature.gov>;

Pursinger Branden <Branden.Pursinger@oregonlegislature.gov>; Brecht Justin <Justin.Brecht@oregonlegislature.gov>;

HORNER Leah * GOV <Leah.HORNER@state.or.us>; Rep Barreto <Rep.GregBarreto@oregonlegislature.gov>

Subject: HR 6201 Small Business Impact - Coronavirus & Supply Chain

Gentlemen:

We are in a crisis. Exactly what is very unclear as everything I have been officially provided does not indicate anything but an political crisis at the moment. What to emphasize the worst is certainly not arrived as the State is not running 24/7 emergency operations just 8 to 5 at the moment. CCOs for the most part are operating normally except enhanced planning. The hospitals in my District are actually running under normal admittance and operations. I have visited them. OHA's own official reports do not match the news media or press conferences. Thus we may still have time to get prepared. Or not.

None-the-less, the joint committee meets on Wednesday so need an economic analysis by then.

Congress is about to pass H.R. 6201 which provides up to 12 weeks of pay to employees paid by the employer. Unions exempt. Employers over 500 exempt.

The propaganda being spread claims it will not hurt these employers as they will be fully protected ... this is false. The so-called protections are after the fact under the tax code. Mostly under the employer side of the social security tax via a capped credit. There appears to be some partial recovery for self employed again after the fact.

Text of the bills on the links:

<https://www.congress.gov/bill/116th-congress/house-bill/6201/text>

<https://appropriations.house.gov/sites/democrats.appropriations.house.gov/files/Families%20First%20summary.pdf>

Please provide a nonpartisan evaluation of the impact and implementation of the paid leave portions (two) and the actual tax impact on the affected businesses. Again, it is clear the proposed hold harmless tax credits will never cover 100% of the actual paid employee expenses. Then most of the tax credit scheme is against social security not income taxes.

Additionally, would like an economic and production analysis of the results of a shut down. If businesses are ordered closed for any length of time the supply chain stops ... if the supply chain for basic needs stops then where does food, water, power, etc come from? You folks are the experts on the supply chain economic analysis.

Again, we meet Wednesday AM so your timely assistance is appreciated so the joint committee can determine the state's own plan support etc.

Sincerely requested,

Brian J. Boquist
State Senator
Joint Committee