

Healthy Workplace Tax Credit

Prior to the pandemic, thanks in part to historic tax and regulatory relief, our economy was on incredibly strong footing. In February, the national unemployment rate was 3.5%, GDP was growing steadily, and the highest wage gains in our economy were being seen by low wage earners because the demand for labor was so high.

We are currently seeing an economic downturn that is the result of governments across the country asking Americans to stay home, socially distance, and protect themselves, their families, and their friends and neighbors.

Americans are resilient and want to work to provide for their families. Employers across America desperately want to keep working, keep paying their employees, and be able to continue serving their communities in the way they were before the pandemic. For this reason, our primary focus must be on ensuring future legislation is focused on safely reopening our economy by incentivizing a safe return to work.

The very businesses that are economically distressed because of these shutdowns are now facing the challenge of safely reopening. They are incurring unexpected costs associated with taking recommended and necessary steps to prevent the spread of COVID among their employees and customers. Under normal circumstances these added costs would be burdensome but given recent revenue streams and that many businesses are unable to operate at full capacity these costs may be crippling.

The Healthy Workplace Tax Credit will help businesses reopen safely. To restore worker and customer confidence, this tax credit will encourage and enable businesses to take the recommended steps to prevent the spread of COVID-19 in their workplaces. The credit provides a refundable tax credit against payroll taxes for 50% of the costs incurred by the business for COVID-19 testing, personal protection equipment (PPE), disinfecting, extra cleaning, and reconfiguring workspaces. The credit is limited to \$1,000 per employee for a business's first 500 employees, \$750 per employees for the next 500 employees, and \$500 for each employee thereafter.

For example, a restaurant with 40 employees that spends \$60,000 on PPE, testing, disinfecting, and plexiglass shields will receive a \$30,000 tax credit against its payroll taxes. To the extent that the credit exceeds the restaurant's employer side payroll tax obligations, the excess credit will be refunded to the restaurant.