



**Office of
Representative Hannah E. Kane
Commonwealth of Massachusetts**

For Immediate Release

Contact: Anna Darrow, 617-722-2810, Anna.Darrow@mahouse.gov

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Representative Kane supports COVID-19 relief bill to assist small businesses and workers

BOSTON – State Representative Hannah Kane (R-Shrewsbury) has joined with her colleagues to pass a COVID-19 relief bill that provides a tax break to small businesses and emergency paid sick leave for employees impacted by the pandemic.

The bill, which was enacted by the House and Senate on March 25, is now on Governor Charlie Baker’s desk for his review and signature.

Massachusetts employers are currently facing a 60% increase in their unemployment insurance (UI) rates for 2021, with businesses that paid an average of \$539 per worker in UI taxes last year expecting to see those rates jump to \$858 per worker beginning in April. Representative Kane said the bill will assist business owners by freezing the UI experience rate at Schedule “E” for two years, mitigating the scheduled increase by limiting it to about 16%.

The bill also waives state taxes on all forgiven federal Paycheck Protection Program (PPP) loans for businesses that are considered “pass-through” entities, as well as on federal Economic Injury Disaster Loans. Without this tax exemption, many independent contractors, restaurants and small businesses would collectively be liable for an estimated \$150 million in state taxes on their PPP loans.

Representative Kane said the bill also provides tax relief for lower-income workers who collected unemployment benefits in 2020 and 2021 and whose household incomes fall 200% below the federal poverty level. Those individuals can deduct the first \$10,200 in unemployment compensation received in both calendar years from their gross income for tax purposes.

Included in the bill is a provision prohibiting the Department of Revenue from imposing any tax penalties based solely on the failure to remit taxes on unemployment compensation received in 2020. Taxpayers who have already been assessed the penalty will receive an abatement.

In addition, the bill gives employees access to up to 40 hours of COVID-related emergency paid sick leave, which can be used intermittently or on an hourly basis. Employees can use this paid time off if they are self-isolating due to the coronavirus; receiving medical treatment or an immunization;

recovering from a disability due to COVID-19; complying with a quarantine order; caring for a family member, including a domestic partner; or are unable to telework due to COVID-19.

Representative Kane said the bill authorizes eligible employers who provide emergency paid sick leave to be reimbursed for up to \$850 a week per employee through a new COVID-19 Emergency Paid Sick Leave Fund, which will be funded at \$75 million and administered by the Executive Office for Administration and Finance.

The bill authorizes up to \$7 billion in borrowing to repay federal UI loans and a temporary, two-year employer assessment to ensure the state's Unemployment Insurance Trust Fund remains solvent. It also creates a 21-member special commission to study and develop recommendations for the long-term solvency of the Unemployment Insurance Trust Fund, with a report due by December 15, 2021.

Additional language included in the bill directs the Department of Family and Medical Leave to analyze the possibility of expanding the state's family and medical leave program to provide coverage for future communicable illnesses related to a public health emergency, with a report due by December 31, 2022.

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