The Keeping the Lights On Act of 2020

The Keeping the Lights On Act of 2020 provides a lifeline to small businesses during the COVID-19 pandemic by helping them afford their rent, mortgage, and utility costs. One poll of small business owners shows that 34% won’t be able to pay May rent in full, and 84% will only be able to pay half or less the next month.¹

This bill is a crucial complement to the work being done in the JOBS Credit Act (Rep. Stephanie Murphy, FL-07) to expand the employee retention tax credit. Even businesses that can access funding to help make payroll are still facing the threat of going under from being unable to make rent.

Helps out struggling small- and mid-sized businesses and nonprofits

Small- and mid-sized employers with 1,500 or fewer employees or less than $41.5 million in gross receipts last year are eligible for the credit. To receive some credit, employers must either be fully or partially closed due to a government order, or experience a 20% reduction in gross receipts in the quarter (compared to the same quarter last year). Nonprofits are also eligible.

Covers critical expenses to keep the lights on

Employers can get up to a 50% credit for rent, mortgage, utility expenses—the same expenses eligible for forgiveness in the Paycheck Protection Program aside from payroll costs. Each quarter, employers can claim a credit for an amount up to 25% of the wages paid this quarter or 6.25% (annualized 25%) of gross receipts last year, with a maximum of $50,000.

Provides the most relief to the most hard-hit

Employers experiencing a 50% reduction in gross receipts get the full credit—which covers 50% of expenses. Businesses experiencing a 20% to 50% reduction in revenue are still eligible for a partial credit, with a sliding scale based on the severity of the revenue reduction.

Delivers immediate and certain relief

Employers receive immediate and certain relief without an application process. The credit is applied against the quarterly payroll tax and is refundable, so employers can get the credit even if they have little tax liability. Businesses can immediately reduce deposits from payroll taxes and income tax withholding and can file for an advance credit as soon as they incur expenses.

¹ [https://www.alignable.com/forum/34-of-small-businesses-can-t-cover-may-rent](https://www.alignable.com/forum/34-of-small-businesses-can-t-cover-may-rent)