

**The Recovery Startup Assistance Act**  
Senators Maggie Hassan (D-NH) and Mike Braun (R-IN)

**The Problem:** Throughout the COVID-19 crisis, Congress has provided substantial economic assistance to small businesses that are struggling to stay afloat. However, new businesses started during the crisis have not been eligible for much of this assistance.

For example, businesses are ineligible for the Paycheck Protection Program if they started after February 15, 2020. Further, in order to be eligible for the fully refundable Employee Retention Tax Credit, new businesses must have existed long enough to demonstrate revenue losses or be subject to a government shutdown order.

New business startups are a main source of job creation, and supporting entrepreneurship will be key to the economic recovery from COVID-19. Unfortunately, the small business support programs created during the crisis do not provide assistance tailored to new businesses.

**The Solution:** The Recovery Startup Assistance Act would build on the successes of the Employee Retention Tax Credit by expanding assistance for new businesses started during the COVID-19 crisis and the economic recovery from COVID-19.

The current Employee Retention Tax Credit provides up-front advance payments to businesses to help keep workers on payroll and pay for their health care coverage. The credit covers 70 percent of the first \$10,000 in compensation per employee in each calendar quarter, through June 2021.

**The Recovery Startup Assistance Act** would:

- Provide the Employee Retention Tax Credit to all “recovery startup businesses” that began trade or business after February 15, 2020 and have fewer than 50 employees
- Target assistance to support new business job creation by providing the Employee Retention Credit to new businesses for at least 5 employees and by phasing out the credit between \$1 million and \$5 million in revenue
- Extend the Employee Retention Credit for recovery startups through December 2021 and allow these businesses to claim the credit for two consecutive calendar quarters
- Prevent fraud and abuse by directing the Treasury to issue rules ensuring that assistance is claimed by new business owners

**The Recovery Startup Assistance Act** is endorsed by:

- National Restaurant Association