



# PATRIOT PAY

## REWARDING AMERICA'S FRONTLINE WORKERS

Despite risks to their own health, America's frontline workers have provided health care, transportation, food, and more essential services throughout the COVID-19 pandemic. As unemployment lines grow longer, these patriots continue to return to work the next day, some even making less money than they could on unemployment insurance. Congress should allow critical employers to provide Patriot Pay bonuses to frontline workers who earn under \$90,000 in essential jobs through a refundable payroll tax credit. This form of hazard pay would complement, not replace, an employer's responsibility to pay their workers—it is designed to quadruple any bonuses an employer gives to essential workers.

## HOW WOULD PATRIOT PAY WORK?

- For essential employees that make less than \$50,000 annualized, employers would receive a 75% refundable payroll tax credit for a bonus up to \$12 an hour.
- For essential employees making over \$50,000 annualized, the tax credit phases out by \$24 for every additional \$500 in income until annualized incomes hit \$90,000.
- The maximum tax credit is \$1,440 per month, per employee, meaning a full-time worker would receive up to a \$1,920 monthly bonus.

## WHO WOULD QUALIFY FOR THE TAX CREDIT?

- Congress and the Department of Labor would designate critical industries including, but not limited to, hospitals, food distributors and processors, and health manufacturers.
- Eligible employers will certify that an employee worked in conditions that increased their potential COVID-19 exposure.
- Eligible employers would qualify for tax credits for employee bonuses provided between May 1 and July 31, 2020. Employees must work at least 100 hours each month they receive the bonus for their wages to be eligible for the tax credit.

## HOW WOULD EMPLOYERS CLAIM THE CREDIT?

- Employers would submit a streamlined claim to the IRS, using the recently created system that already advances the paid leave tax credit.
- Congress should also provide the IRS the authority to partner with payroll companies who may be able to more quickly advance the credit.

## EXAMPLE:

A grocery store in Provo, UT could opt into Patriot Pay to give their workers a \$12/hour bonus. The employer would contribute \$3, while the federal benefit would add \$9, meaning a \$10/hour worker would receive a \$5,760 bonus from May 1 through the end of July. The grocery store worker's weekly paycheck would include an extra \$480.