

American Rescue Plan Act of 2021 Provides For Additional Cash Assistance and Supplemental Federal Unemployment Benefits

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On March 11, 2021, President Joe Biden signed the American Rescue Plan Act of 2021 (the “Act”) into law. The Act is a \$1.9 trillion economic relief package intended to address the COVID-19 pandemic.

The Act provides a one-time stimulus payment of \$1,400 to eligible individual taxpayers with an adjusted gross income of up to \$75,000 for single filers, or \$2,800 to eligible joint filers with an adjusted gross income of up to \$150,000. Children and adult dependents in eligible homes may also be provided with a \$1,400 check per dependent. The stimulus payment will be based upon the most recent tax return that the Internal Revenue Service (IRS) has for each taxpayer. The distribution of payments to qualifying recipients commenced on March 13, 2021.

The Act also provides supplemental Federal Unemployment Benefits of \$300 per week, extending through September 6, 2021. This federal supplement is in addition to the state unemployment benefits. The first \$10,200 of unemployment benefits will be nontaxable income for households with an adjusted gross income of up to \$150,000. Self-employed and individual contractors who may not otherwise be entitled to unemployment benefits are eligible to receive the supplemental Federal Unemployment Benefits.

The one-time stimulus payment of \$1,400 and the supplemental Federal Unemployment Benefits of \$300 per week may help individuals pay for necessities or current/past-due bills. In addition, the Act allocated approximately \$9.9 billion to the Homeowner Assistance Fund to assist homeowners in mitigating COVID-19 related financial hardships, such as mortgage defaults, loss of utilities, foreclosures, and displacements by assisting with past-due mortgage payments, taxes, utilities, and HOA/COA dues. For Homeowner’s Associations and Condominium Associations, the hope would be that delinquent owners will have the ability to address some or all of their arrears and perhaps have the income to address their ongoing maintenance obligations.

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