

WE WILL BEGIN IN A MOMENT



**UPPER
MIDWEST
CHAPTER**

CLUB MANAGEMENT
ASSOCIATION OF AMERICA



**WISCONSIN
BADGER
CHAPTER**

CLUB MANAGEMENT
ASSOCIATION OF AMERICA

Private Club Consultants

- PCC was created to provide in-depth legal and operational answers for the club industry
- Our mission is simple:
 - To help you implement new legislative and regulatory requirements – with minimal impact to your club’s bottom line, and
 - To help you minimize legal liability and keep your club’s private and tax-exempt status intact – without sacrificing your strategic goals
- We are “Your Trusted Source For Answers”



Our Roadmap



The Race for the White House

Senate Results

House Results

What to Expect

Phase 5 COVID Bill



The Race for the White House



3rd Time's the Charm for Biden

- Blue wall was repaired
 - Michigan – voted D since 1992
 - 2016 – Trump won by 11K; 2020 – Biden won by 155K
 - Five counties around Detroit, Flint & Lansing = 135K diff. for Biden vs. '16
 - Pennsylvania – voted D since 1992
 - 2016 – Trump won by 44K; 2020 – Biden won by 80K
 - Six counties around Pittsburgh & Philly = 135K diff. for Biden vs. '16
 - In Philadelphia County, Trump won more votes than he did in '16
 - Wisconsin – voted D since 1988
 - 2016 – Trump won by 23K; 2020 – Biden won by 20K
 - Milwaukee and Madison counties came home = 56K diff. for Biden vs. '16
- In '16, Trump won these states by 78K & in '20, Biden won them by 255K



3rd Time's the Charm for Biden

■ The kickers

- Arizona – voted R since 2000
 - 2016 – Trump won by 90K; 2020 – Biden won by 10K
 - Maricopa County = 90K diff. for Biden vs. '16 (T won with 44K in '16)
- Georgia – voted R since 1996
 - 2016 – Trump won by 210K; 2020 – Biden won by 12K
 - Four counties around Atlanta = 215K diff. for Biden vs. '16
- Nebraska 2nd Congressional District
 - 2016 – Trump won by 11K; 2020 – Biden won by 30K
 - NE 2nd was a tough one – ruby red state with no local issues
- Electoral College vote – 306-232, which is what Trump won in '16
 - Biden is not likely to win these states in 2024....



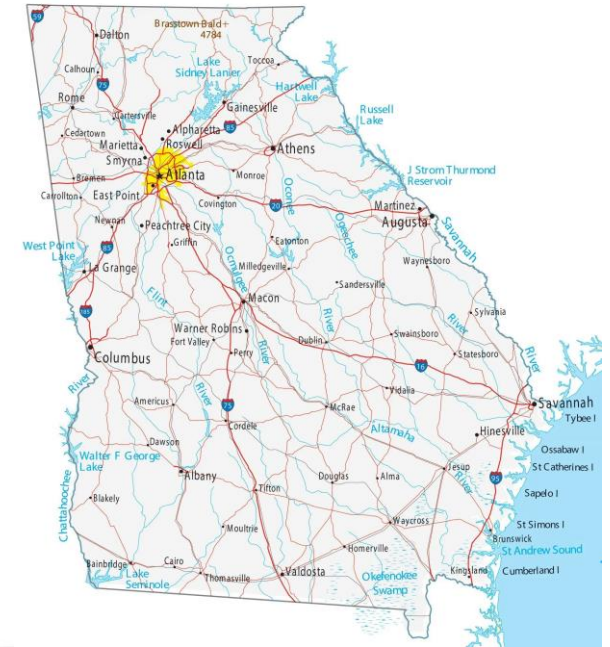
Senate Results



AZ

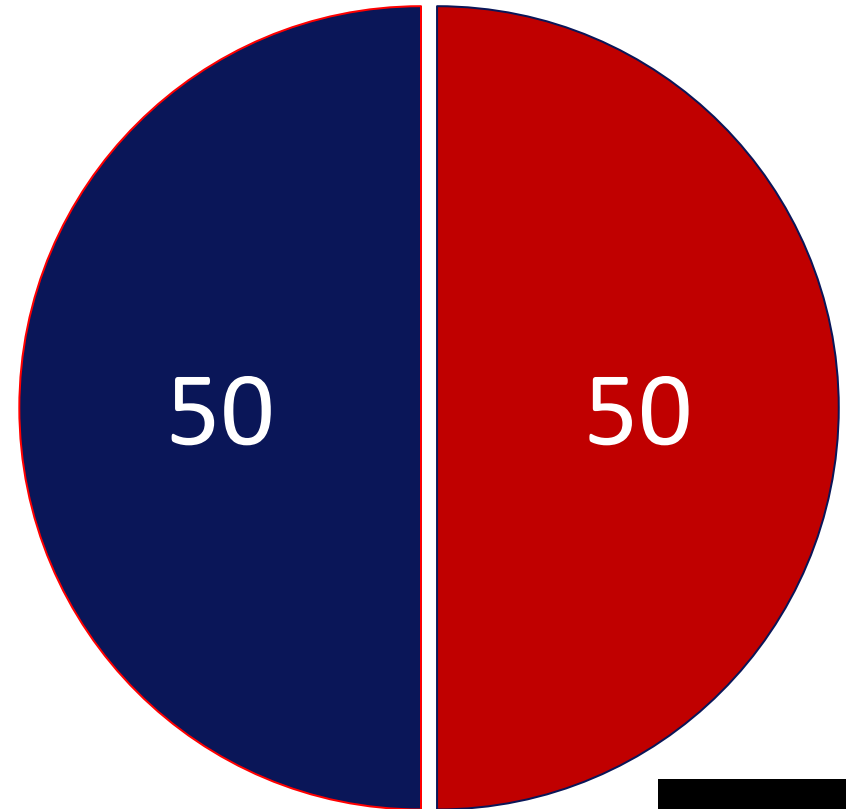
AL GA(2)

CO



Balance of Power

- Senate flipped to Ds
 - Rs lost 4 – AZ & CO and both GA seats
 - But, kept ME (!)
 - Ds lost 1 – AL
 - Couldn't capture AK, IA, MT, NC, & SC
 - 10 Rs in tough races & a huge \$\$ edge = bad night for Ds
 - But it ended well...
- 2022
 - 20 Rs up vs. 14 Ds
 - R seats to watch: MO, WI & 3 open: IA, NC & PA
 - D seats to watch: GA & NV
 - Rs could benefit with Biden in the White House

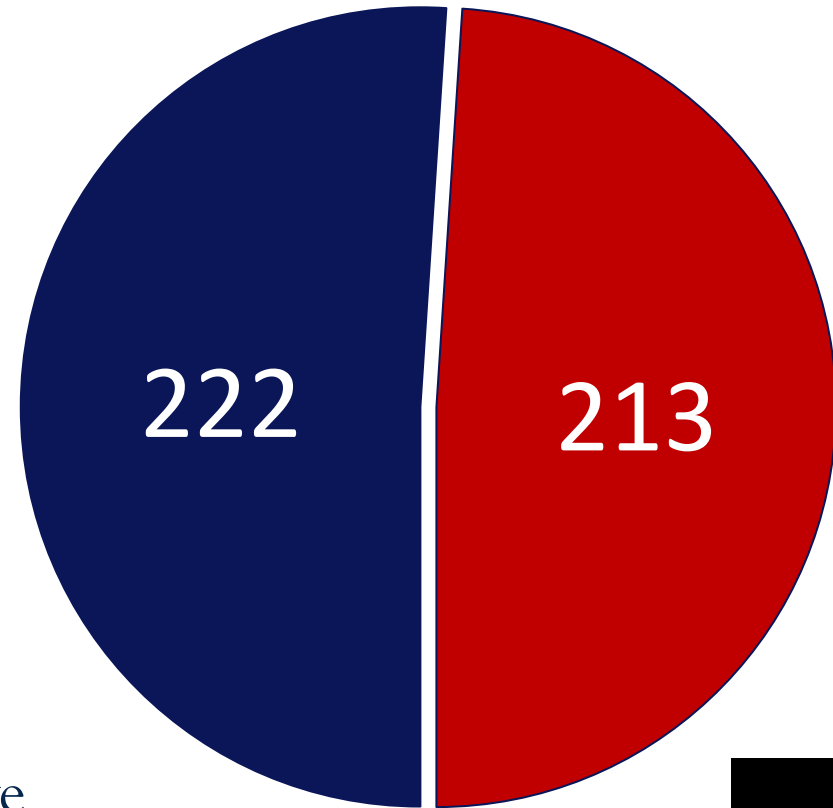


House Results



Balance of Power

- Democrats maintained their control
 - Ds lost 14 seats
 - Rep. Shalala (FL) – former HHS Sec.
 - Rep. Peterson (MN) – 30-year member
 - 1 seat in NYC
 - 2 seats in Orange County
 - Rs lost 3 seats
 - 2 seats in NC were lost because of redistricting
 - 1 seats in GA – foreshadowed Senate runoffs
- Real pressure on the Speaker to be more progressive
 - Takes 218 to pass anything so she can't lose more than 4 votes
 - With three joining Biden in early 2021, she can't lose more than 3



What to Expect



Legislative Action

- Most of Biden's bills won't get through Congress
 - If the progressives don't fall in line, Speaker Pelosi has a numbers problem
 - She can't lose more than 4 Democratic votes and still pass anything (3 in early '21)
 - Even with VP as tiebreaker, can't overcome 60 vote threshold in Senate on most issues
 - No major healthcare bills will pass
 - No minimum wage bill (Phase 6 COVID bill?) or other changes to employment laws will pass
 - No labor bills will pass, but unions will want something for the victory (PRO Act)
 - No comprehensive immigration reform bill will pass
 - With Ds in control, his agenda will be introduced/debated – generating interest & votes for '22
- BUT, tax hikes will come up with “Reconciliation” (doesn't need 60 votes)
 - Top tax rate will jump to 39.6% & cap. gains income will be taxed at an individual's rate
 - Income above \$400K will be subject to the 6.2% Social Security tax
 - Those making above \$400K will have caps and limits on itemized deductions
 - The top corporate rate will jump to 28%



Regulatory Action

- When you can't legislate, you regulate
 - Biden will use the regulatory agencies like Obama did
 - NLRB will help unions – card check, micro-unions and joint employer rules back on the books
 - DOL's new Independent Contractor Rule will go – look for a rule following Calif.'s ABC Test
 - But, DOL's Overtime Exemption Rule's minimum weekly salary threshold will stay \$684/week
 - EPA will reinstate Obama's WOTUS Rule
 - DHS will likely review H-2B visas (but with an eye on the unions)
 - OSHA rulemaking for COVID-19
 - States will jump in on labor and employment issues – as they have on minimum wage
- Rulemaking will likely be where Biden makes his mark
 - Which has not helped private clubs in the past



Washington's Phase 5 COVID Response



Paid Sick Leave/Paid Family & Medical Leave

- The club is no longer required to offer either
 - If it does, it will STILL receive the tax credit through 3/31/21
 - Paid sick leave is up to 80 hours or whatever he averages over two weeks (but no reset of hours for the new year) if an employee can't work (or telework) because:
 - He is subject to a COVID-19 quarantine/isolation order, advised by a healthcare provider to self-quarantine, is experiencing symptoms/seeking a diagnosis, or is caring for someone subject/advised to quarantine
 - He gets full pay for the hours he normally works – capped at \$511/day or \$5,110 total – for the first 3 reasons
 - He gets 2/3rds pay for the hours he normally works – capped at \$200/day or \$2,000 total – for the 4th reason
 - Paid family & medical leave is up to 12 weeks (no reset of weeks for the new year) if an employee can't work (or telework) because he is caring for a son/daughter whose school or place of care is closed b/c of COVID
 - Use paid sick leave for 1st 2 weeks and then paid family & medical leave for the next 10
 - He gets 2/3rds his pay for the hours he normally works – but no more than \$200/day or \$10,000 total



Employee Retention Tax Credit

- Clubs will receive a refundable tax credit for keeping employees on payroll
 - A club is eligible if:
 - It's subject to a full/partial shutdown order from the government due to COVID-19
 - The order must have more than a “nominal effect” on the club’s operations
 - OR
 - Its gross receipts dropped more than 20% in a Q compared to a Q in 2019
 - For the first quarter, you may use Q4 ‘20 vs. Q4 ‘19 or Q1 ‘21 vs. Q1 ‘19
 - For the second quarter, you may use Q1 ‘21 vs. Q1 ‘19 or Q2 ‘21 vs. Q2 ‘19
 - Tax credit based on “Qualified Wages”
 - Clubs w/ 500 or < FTers in ‘19, qualified wages are those paid to a worker, whether working or not
 - Qualified wages are those paid from 1/1/21 to 6/30/21 – capped at \$10K/employee/Q
 - Total credit is now 70% of qualified wages – so up to \$7K/employee/Q
 - Qualified wages include HI expenses (even if he is laid-off) – follow the IRS formula
 - Club may not receive the credit for wages paid to those on Paid Sick Leave or Paid FML



Employee Retention Tax Credit

- Tax credit is applicable per pay period and reconciled quarterly
 - You retain that credit from all available payroll taxes due
 - If there isn't enough in the payroll taxes, the club may file Form 7200 for an accelerated refund
 - Reconcile these retained credit and what you should have paid the government on Form 941
- The very few clubs that qualify for the PPP may also use the ERTC
 - Doesn't matter if you received a loan before and doesn't matter whether the loan was forgiven or paid
 - The few for-profit clubs that are eligible may deduct from fed. taxes expenses paid with PPP funds
 - A club may not use the PPP for wages and then take the ERTC on those wages
 - Remember, the PPP is still only for for-profit clubs and even then you may not qualify
 - The new law codifies 13 CFR 120.110(i) – prohibiting private clubs from getting a PPP loan



Other Benefits

- Economic Injury Disaster Loans
 - 501(c)(7)s are eligible for these loans – max. is \$2M – loans are available thru 12/31/21
 - May receive an immediate \$10,000 emergency grant for payroll – does not need to be repaid
- Federal government provides new UI benefits
 - Adds an additional 11 weeks for eligibility & \$300/week for weeks ending on or before 3/14/21
 - Must be laid-off due to COVID-19 order or other direct result of the outbreak
- Stimulus checks
 - Most of your employees will receive another round of stimulus checks – \$600
- Deductibility of business meals
 - Full deductibility of business meals during 2021 and 2022
 - Of course, most club members should not be using the club for business purposes because such use can impact the club's private and tax-exempt status
 - So, it should not be encouraged but it's a matter for the member and his accountant



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Your Trusted Source for Answers

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