

CORONAVIRUS

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Congress Responds Quickly to COVID-19, Continues Work on Bigger Stimulus Package

As of this writing on March 19, 2020, the President has declared a national emergency for the response to the coronavirus (“COVID-19”). Congress has enacted one eight-billion-dollar funding package to respond to COVID-19 targeted largely at containment, medical preparedness, prevention, research, and vaccination with respect to the virus itself, and initial small business relief. The House and Senate have passed a second bill to assist workers by providing paid leave and other individual benefits. The Senate is currently working on a third stimulus package to help affected industries. This may be the first of several stimulus packages.

The House is currently in recess until March 23, 2020, but will be called back when votes are needed on the next supplemental (with 24-hour notice). Congress is closed to the public, and most congressional staff are now teleworking though some offices are continuing meetings using individual office conference lines. Two House Members have tested positive for the virus. And more than a dozen members of Congress have self-quarantined for up to 14 days after brushes with the coronavirus. Several current and former staffers have also tested positive. The Senate is in session, and Majority Leader McConnell (R-KY) has [said](#) the chamber will stay in session “as long as it takes” until a third supplemental has passed.

The [Blank Rome Government Relations](#) (“BRGR”) team is monitoring all of these bills and stands ready to advise and assist our clients whenever they need our help with

proposed actions by the Congress or the Administration. Please find below a quick summary of these aforementioned events, we will continue to update the firm as the situation develops.

First Supplemental Bill (H.R. 6074)—*Preparedness and Response Supplemental Appropriations Act, 2020*

On March 13, 2020, President Trump [declared](#) a national emergency acknowledging the scope of the coronavirus crisis and freed up emergency resources in the amount of \$50 billion for states and local governments.

After the President spoke, House Speaker Nancy Pelosi (D-CA) said she had reached a deal with the Trump Administration on legislation to help Americans deal with the virus. The first bill, entitled the Preparedness and Response Supplemental Appropriations Act 2020 ([H.R. 6074](#)) was enacted on March 6, 2020. About \$8 billion in emergency funding was provided to federal agencies under H.R. 6074 including \$6.5 billion for the Health and Human Services Department (“HHS”) and \$1.25 billion for the Department of State (“DOS”) and U.S. Agency for International Development (“USAID”).

All funds will be designated as emergency requirements and won’t be subject to budget caps or included in “pay-as-you-go” budget scorecards. The measure will stipulate that funding can only be used to deal with coronavirus. The Small Business Administration (“SBA”) will receive \$20 million for

administrative expenses to provide an estimated seven billion dollars in low-interest disaster loans to small businesses, according to a House Appropriations Committee [summary](#).

Second Stimulus Bill (H.R. 6201)—Families First Coronavirus Response Act

This week, the Senate cancelled recess to respond to the global coronavirus threat and [passed](#) the second stimulus package sent over from the House after technical corrections were made on Monday. The Senate passed H.R. 6201 yesterday with a vote of 90-8 to provide paid sick leave and food assistance for vulnerable populations and financial help for coronavirus testing. The President signed the bill into law shortly thereafter.

The House aid package provides free coronavirus testing, requires certain companies to provide paid sick leave, expands food assistance and unemployment insurance, and supplies increased Medicaid funding to states. Last Friday, President Donald Trump [tweeted](#) his support for the measure and said he directed the Departments of Labor and Treasury to issue regulations “that will provide flexibility so that in no way will small businesses be hurt.” With the President on board, House Republicans signed onto the measure and the bill passed the chamber on Saturday, March 14, 2020, with a vote of 363 to 40. There were technical errors in the original House-passed bill that had to be cleared up in a technical corrections package that passed the House on March 16, 2020, and then the corrected legislation went to the Senate.

The H.R. 6201 bill text can be found [here](#), bill section-by-section [here](#), the House factsheet [here](#), and a summary of paid leave provisions [here](#), which incorporates technical corrections. We have also attached a summary of the House bill including the technical corrections.

Third Stimulus Bill—COVID-III

Senate lawmakers will work on a third economic rescue package to respond to the spreading coronavirus today, after the Senate passed and President Donald Trump signed the second package yesterday. Senate Majority Leader McConnell (R-KY) asked the Senate to work at “warp speed” on a complex measure that will likely include direct payment to some taxpayers, loans to the airline industry and grants for small businesses and local governments. The Senate could unveil the third package, which the Trump’ administration estimates will cost \$1.3 trillion, as early as today and will vote as soon as possible. The chamber meets at noon, with no votes scheduled but there could be a vote as early as this weekend. Any concerns about spending or adding

to a budget deficit, already set to hit one trillion dollars this year, have been muted by the crisis.

The Senate is taking the lead on this third package. Leader McConnell has created three working groups to help steer the response to the crisis, generally led by the chairmen of relevant committees of jurisdiction but with input from key committee chairman and the GOP conference at large. Airline stabilization will be coordinated by Chairman Wicker (Senate Commerce Committee) with possible support from Chairman Barrasso (Senate Environment and Public Works Committee); taxes will be coordinated by Chairman Grassley (Senate Finance Committee); and business liquidity and cash flow will be coordinated by Chairman Crapo (Senate Banking Committee) and Chairman Rubio (Senate Small Business Committee).

McConnell said Republicans hope to agree on the next plan with the White House and discuss it with Democrats. Although there is a collective agreement in Congress on the need for bold action, there are different ideas about what that means. There are about four or five different buckets of stimulus being considered by the various parties, including aid for small businesses, funding for health care and the virus response, stimulus checks and assorted other aid for individuals, aid to state and local governments, and large low-cost loans for larger businesses like airlines.

Senate Democratic Leader Schumer (D-NY) has also issued a set of proposals in the past 48 hours’ worth at least \$750 billion which includes \$400 billion in appropriations for public transportation, state and local funding, and “resilient infrastructure,” *e.g.*, broadband Internet. His proposal also includes \$350 billion in mandatory spending plus-ups, for items including unemployment insurance (“UI”), additional SNAP benefits on top of the second stimulus package, and federal student debt relief. Leader Schumer also proposed policies with no identified dollar cost on loan forbearance for mortgages, suspension of evictions and foreclosures. Finally, the Schumer proposal has policies on crisis readiness and response, including utilization of the National Guard and Defense Department (“DOD”), credit score protections, prison population protection, and other issues.

On the House side Speaker Pelosi, in a [letter](#) to House Democrats last night, said leadership has three priority areas for the next bill: unemployment insurance, increased Medicaid funding, and further assistance to small businesses. Republicans will need Democratic votes for the bill to pass the Senate, therefore negotiations will be ongoing.

The Treasury released a [memo](#) describing the key provisions of the third stimulus package, which includes relief for the airline industry and other distressed areas of the economy; small business interruption loans; economic impact payments; and temporarily permitting the use of the exchange stabilization fund to guarantee money market mutual funds. The centerpiece of the White House plan is \$500 billion in payments to individuals –replacing Trump’s widely panned proposal for a payroll tax holiday. The plan also includes \$50 billion in loans to the distressed airline sector, and \$150 billion to “severely distressed sectors” of the economy from the virus outbreak. There has also been discussion of a 90-day deferral of income tax payments up to one million dollars for individuals and \$10 million for corporations, which the Administration has announced publicly for which no formal guidance from IRS has yet emerged.

Both Mnuchin and Vice President Pence made reference to the ailing airline, travel, and tourism industries, which has been pummeled around the world with canceled trips, conferences, and cruises, as authorities have increasingly urged individuals, particularly those who are vulnerable, to avoid travel. The President has also spoken of the need to help the cruise line industry, which is also suffering from the travel shutdowns. Other industries that may receive targeted relief are Small Business, Oil/Gas/Energy, Transportation, and Manufacturing.

Finally, Senator Mitt Romney (R-UT) has floated the idea of sending each American \$1,000 to help pump up the economy and help Americans with their bills. Senators who back the idea of direct payments also have different views on whether everyone should get the same amount, or whether it should be targeted to lower-income people or workers most impacted by the virus, such as health workers who risk contracting the virus and must find emergency child care for their children who are home from school.

Small business assistance has widespread bipartisan support, but exactly which form it will take is still to be negotiated. GOP Senators Susan Collins (R-ME) and Marco Rubio (R-FL) said they are drafting language that would funnel about \$300 billion to small businesses to cover their payroll and other expenses retroactive to March 1, 2020, provided

they do not lay anyone off or use the money for things like boosting profits. Under their outline, small businesses would get federally guaranteed loans that would be forgiven if they comply with the requirements.

Also, with such a large must-pass bill moving through Congress there is the opportunity for some lawmakers to try and add their own language. Though perhaps not the top priority on anyone’s list outside of airline stabilization, infrastructure investment remains a key item floating in the background of this developing debate. Low interest rates combined with Treasury and bipartisan hill support create an attractive environment to disregard cost considerations that have hindered discussions on infrastructure and consider debt-financed investment, avoiding revenue issues that have bogged down the debate so far. However, while not ruling anything out, policy in this space is less readily available off-the-shelf and may require additional development and time. Infrastructure investment may end up being the central component of a COVID-IV package, if Congress is not able to move quickly on its inclusion for COVID-III.

Congress and the President are both responding quickly and with an increasing sense of urgency to this new pandemic, COVID-19, and we expect more legislation to follow both at the federal and state levels. We will continue to keep you updated. The [Blank Rome Government Relations](#) team can point you in the right direction, offer our guidance and work with you on any needed legislation.

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