

TO: USTOA Members
FR: Terry Dale

Please see below our COVID-19 morning update for March 20, 2020 as well as a more in-depth look at the Senate Republican (Phase 3) COVID-19 Relief Package that was introduced Thursday.

Senate Majority Leader Mitch McConnell unveiled the latest Senate package yesterday afternoon and has called on Committee Chairmen and other senior Republican Senators to negotiate with their Democratic counterparts, including Finance Committee Chairman Chuck Grassley (R-IA), Banking Committee Chairman Mike Crapo (R-ID), Health, Education, Labor and Pensions Committee Chairman Lamar Alexander (R-TN), Small Business Committee Chairman Marco Rubio (R-FL) and Majority Whip John Thune (R-SD).

The following is a more in-depth summary of provisions in the third package:

Individual Tax Provisions

- Individuals would receive checks of up to \$1,200 and couples filing jointly would receive up to \$2,400. This amount would increase by \$500 for each child.
- The amount would be tied to salary with higher earners receiving less and the payments would phase out beginning at \$75,000 in adjusted gross income and \$150,000 for joint filers. The amount decreases by \$5 for each \$100 a taxpayer earns above the \$75,000/\$150,000 and is eliminated completely for incomes above \$99,000 individually and \$198,000 for joint filers.
- The income is based on 2018 tax returns.
- Individuals with no income tax liability, but at least \$2,500 of qualifying income, would be eligible for a minimum rebate check of \$600 (\$1,200 married).
- The tax filing deadline would be extended through July 15.
- The package waives the 10 percent early withdrawal penalty for funds up to \$100,000 from qualified retirement accounts for COVID-19-related purposes.
 - Eligible “distributions” are to individuals:
 - Diagnosed with COVID-19
 - Whose spouse or dependent is diagnosed with COVID-19
 - Who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business

owned or operated by the individual due to COVID-19, or other factors as determined by the Treasury Secretary.

- A delay of estimated tax payments for corporations, which would allow corporations to postpone estimated tax payments due after the date of enactment until October 15, 2020. There is no cap on the amount of payments that can be postponed.
- A delay of payment of employer payroll taxes, which allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they are responsible for paying to the federal government. The language states that the deferred employment tax be paid over the next two years, half of which is due by December 31, 2021

Industry Specific Provisions

- Travel and Tourism
 - Passenger airlines can borrow up to \$50 billion
 - Recipient airlines would be required to maintain service to existing destinations as of March 1, 2020 with an extra focus on small and remote communities.
 - Cargo can borrow up to \$8 billion.
 - The legislation also gives airlines a break from paying fuel taxes.
 - Up to \$150 billion in loans for other eligible businesses that have incurred losses, direct or incremental, as a result of coronavirus that put them in jeopardy of closing.
 - Eligible businesses would be required to provide collateral, prove their creditworthiness and certify that this credit is not available from another source.
 - Eligibility would not include businesses already receiving relief through another federal program (such as SBA programs).
 - Recipients would be required to sign a binding contract certifying that a loan would not go to additional executive compensation or to anyone earning more than \$425,000 annually for a two year period beginning March 1, 2020.
 - Interest rates on these loans would be based on average Treasury bond yield with similar maturity, but compensate for Federal government risk.
 - The package would amend a provision the 2017 tax law keeps restaurants, hotels and stores from immediately writing off certain renovation costs. While this would return an estimate \$15 billion annually to those three industries, it does not provide direct relief.
- Small Businesses
 - A total pot of \$300 billion in loans that are forgivable as long as employers maintain their payroll throughout the emergency. This forgiveness provision is retroactive to March 1 and was added to

motivate employers to rehire workers that may have already been laid off.

- Loans would be capped at \$10 million and calculated based on a business's expenses last year, including payroll, mortgage payments and debt obligations.
- Eligibility for existing Small Businesses Administration (SBA) loans is expanded to cover paid sick leave, salaries, mortgage payments and supply chain disruptions.
- The limit on so-called "express loans" offered by SBA would increase from \$350,000 to \$1 million.
- Larger businesses, up to 300 times the SBA small business size standard, would be eligible for the loans.
 - Attached is a section-by-section and one-pager of the Rubio-Collins legislation on small businesses, which is included in the package that is still being negotiated.
- Healthcare
 - Hospitals would receive temporary relief from cuts in Medicare that have decreased Medicare payments by 2

Updates at 6pm ET

Below are developments from March 20, 2020 including from the White House COVID-19 Task Force press conference at noontime today and throughout the afternoon:

Administration

- The Federal government is allowing borrowers to suspend federal student loan payments for at least 60 days. To be considered for the deferment of payments, borrowers who have federally held loans will have to make a request directly to their servicers, such as Navient, Nelnet, FedLoan Servicing or Great Lakes, over the phone or online.
- The Treasury Department has officially delayed the tax filing deadline to July 15. This is to clarify confusion surrounding the announcement on the extension on tax payments Treasury Secretary Steve Mnuchin early this week. Taxpayers will have until July 15 to file their returns and pay on taxes they might owe.
- Secretary of State Pompeo discussed that the suspension of non-essential travel between the United States and Canada will be reevaluated in 30 days.
- Secretary Pompeo also mentioned that the U.S. and Mexico are now restricting non-essential travel across southern border.
- For both travel restrictions, which are set to go into effect at midnight tonight and will stay in place until April 20, essential travel includes, but is not limited to:

- U.S. citizens and lawful permanent residents returning to the United States;
 - Individuals traveling for medical purposes (e.g., to receive medical treatment in the United States);
 - Individuals traveling to attend educational institutions;
 - Individuals traveling to work in the United States (e.g., individuals working in the farming or agriculture industry who must travel between the United States and Canada in furtherance of such work);
 - Individuals traveling for emergency response and public health purposes (e.g., government officials or emergency responders entering the United States to support Federal, state, local, tribal, or territorial government efforts to respond to COVID-19 or other emergencies);
 - Individuals engaged in lawful cross-border trade (e.g., truck drivers supporting the movement of cargo between the United States and Canada);
 - Individuals engaged in official government travel or diplomatic travel;
 - Members of the U.S. Armed Forces, and the spouses and children of members of the U.S. Armed Forces, returning to the United States; and
 - Individuals engaged in military-related travel or operations.
 - The following travel does not fall within the definition of "essential travel" for purposes of this notice
 - Individuals traveling for tourism purposes (e.g., sightseeing, recreation, gambling, or attending cultural events).
 - This partial closing does not apply to air, freight rail, or sea travel between the United States and Canada, but does apply to passenger rail and ferry travel between the United States and Canada.
- Acting Secretary of Homeland Security Chad Wolf discussed that the suspension of non-essential travel does not include trade or commerce.
 - Mr. Wolf also discussed that the CDC is exercising its authority to direct U.S. Customs and Border Protection to return undocumented immigrants to their "home country."
 - The President announced that he has directed companies to begin production under the Defense Production Act, but wouldn't say which companies and did not specify which medical supplies are being produced under this authority.
 - The President and Dr. Fauci discussed that the medicine announced by the Food and Drug Administration (FDA) is being ordered by the Federal government and distributed to patients who want to use it, while the Federal government also gathers data on how effective the medicine is against COVID-19.

- The President once again reiterated his opposition to companies using relief funds for stock buy backs
- The President mentioned that FEMA would be providing an update on testing tomorrow.

Congress

- Senator McConnell has filed cloture on the House bill that will be the legislative vehicle for the third COVID-19 package. This move allows for the Senate process to continue while the final legislation is negotiated and drafted, likely over the weekend. Reports suggested that the Senate was searching for agreement as soon as tonight, make changes to text and have next vote tomorrow with an eye to final passage on Monday.
- While there is some discussion that the House might introduce their own package or come back to make changes to the Senate bill, there have also been discussions that if there is a large enough vote in the Senate the House would attempt to pass the Senate bill under Unanimous Consent.

Other News

- New York Governor Andrew Cuomo and Illinois Governor J.B. Pritzker have instituted a statewide lockdown for non-essential workers similar to the measures instituted by Governor Newsom in California yesterday.
- United Airlines executives today hinted at layoffs, furloughs, pay cuts or other austerity measures soon if Congress doesn't act on significant relief to airlines.

Links to Attachments

[Keeping Workers Paid and Employed Act One-Pager](#)

[Keeping Workers Paid and Employed Act Section by Section \(Rubio-Collins\)](#)

[Essential Critical Infrastructure Workers](#)