

March 22, 2020

TO: USTOA Members
FR: Terry Dale

Senate Vote on Moving Forward With Third COVID-19 Relief Bill Fails – Negotiations Continue

Below is our COVID-19 afternoon update for March 22, 2020. Things are very fluid and we will continue to update you all. We recognize that this is all very high level information and want to flag that it is subject to change. We will dig deeper into the final package and provide more details.

Below are links to the Senate Republican proposals that were developed over the past 24 hours as well as a summary of the appropriations funding proposed. Importantly, this does not have the support of the Senate Democrats and Speaker Pelosi announced a short time ago her intention for the House to move forward with their own legislation after talks between Senate Majority Leader McConnell, Senate Democratic Leader Schumer, Speaker Pelosi and House Republican Leader McCarthy and Secretary Mnuchin failed to come to a compromise.

In addition, please see the below update including specifics on the Senate proposal.

Administration

Updates at 6pm ET

- The President today approved Major Disaster Declarations for New York and Washington and indicated that he would approve one for California either later tonight or tomorrow.
 - A major disaster declaration provides a wide range of Federal assistance programs for individuals and public infrastructure, including funds for both emergency and permanent work.
- Honeywell has announced that they will expand their Personal Protective Equipment (PPE) manufacturing in Rhode Island to be distributed by the federal government.
- President Trump approved Title 32 National Guard aid in New York, Washington, and California. This allows Governors to call up National Guard reserves. The President also stated that the cost will be paid by the Federal Government.
- The President announced a Department of Energy and IBM partnership to help fight COVID-19. They will work together on computing mechanisms to help doctors and others combat the virus.

- The President also indicated multiple other companies/government entities will be contributing to this partnership, including Microsoft, Massachusetts Institute of Technology, Rensselaer, Amazon, Google, the National Science Foundation, NASA, and the National Institutes of Health.
- The President noted that his Administration continues to investigate vaccines and other mechanisms to fight COVID-19.
- The US Hospital Ship Mercy will be deployed to Los Angeles.
- The Administration is urging all national labs to prioritize in-patient COVID-19 testing.
- Vice President Pence announced that the FDA approved an emergency authorization on a new COVID-19 test that should be in production by the end of March. The results of this test would come back in about 45 minutes.
- The President also discussed relief for cruise lines in his afternoon press conference, but did not provide a lot of details.

Updates at 3pm ET

- Secretary Mnuchin is now referring to direct payments as “direct deposits”, stating that the average payment to a family of four would be \$3,000 and that the package is aiming to help people for 10 to 12 weeks.

Congress

Updates at 6pm ET

- The 6:00PM procedural vote to advance H.R. 748, the Senate Republican third COVID-19 relief package (Coronavirus Aid, Relief and Economic Security (CARES) Act), failed to reach 60 votes. The vote was along party lines, as an agreement between the two sides had not been reached before the 6 PM vote.
 - Negotiations are going to continue, and another procedural vote is possible. We will keep you all posted on that.
- The House is continuing to draft its own bill, which could be released as early as tomorrow morning.

Updates at 3pm ET

- Negotiations are continuing and Speaker Pelosi has said there is no deal and the House will draft their own bill.
- Senator Pat Toomey (R-PA) told reporters that the credit facility they are attempting to stand up has two components and that there is a category of funds that will be available to the treasury secretary for direct lending for very distressed and absolutely essential companies.

- Reports indicate that progress was made yesterday on negotiations surrounding boosting unemployment insurance payments, with Senate Republicans agreeing to boost those payments by \$250 billion.
- A procedural vote on the package is expected today at 3:00PM. That vote is likely to fail unless there are further compromises among the Republican and Democrats in the Senate.

Other News

Updates at 6pm ET

- Senator Rand Paul (R-KY) has tested positive for COVID-19 and Senators Mitt Romney (R-UT), Mike Lee (R-UT), Cory Gardner (R-CO), and Rick Scott (R-FL) are in self-quarantine/isolation.
- Over 100 million Americans are now under “Stay At Home” orders.
- The Administration is working to bring Americans home from abroad, including a group in Peru.

Updates at 3pm ET

- Governor Cuomo (NY) laid out what New York is facing, including a 100% increase in hospital beds, and full discussion of the need to take the pandemic seriously.
- Illinois’ stay-at-home order that was announced late last week by Governor Pritzker went into effect on Saturday.
- Elon Musk has promised to use the supply chains that support his companies for help in assembling ventilators.

Below is a high level overview of some of the key components of the latest text from Senate Republicans (link to bill text is below). It is important to note that this is **not** an agreement. Also below is a link to a summary released by the Senate Appropriations Committee.

General

- Authorizes \$349 billion for Small Businesses Administration (SBA) 7(a) loans.
- Increases the maximum loan amount for borrowers through SBA’s Express Loan Programs from \$350,000 to \$1,000,000.
- Directs SBA to reimburse a lender authorized to make a loan at a rate of 5 percent of the balance of the financing outstanding.
- Directs SBA lenders to provide complete payment deferment relief for impacted borrowers for 1 year.
- Requires that loans bear an interest rate in accordance with the maximum interest rate in effect on February 15, 2020.

- States that no collateral shall be required for a covered loan and no personal guarantee shall be required for a covered loan during the COVID-19 pandemic.
- States that the Administration may provide financial assistance in the form of grants to resource partners to provide education, training, and advising to small businesses.
- Waives the matching of funds requirement under the Women's Business Center Program.
- Provides for loan forgiveness for eligible recipients in an amount equal to the sum of the following costs incurred and payments made during the COVID-19 pandemic:
 - o Payroll costs;
 - o Any payment of interest on any covered mortgage obligation;
 - o Any payment on any covered rent obligation;
 - and
 - o Any covered utility payment.
- Requests an additional \$299.4 billion for the Small Business Administration – Business Loans Program Account.
- Provides small business contracting relief from the date of enactment through September 30, 2021.
- Directs the Treasury Department to establish criteria for insured depository institutions and other lenders to participate in lending under Administration programs.
- Provides for emergency Economic Injury Disaster Loan (EIDL) grants for:
 - o A startup with no more than 500 employees.
 - o Any individual who operates under a sole proprietorship as an independent contractor.
 - o A cooperative with no more than 500 employees.
 - o An Employee Stock Ownership Plan with no more than 500 employees.
- Provides subsidies for certain loan payments.
- Directs the Department of the Treasury to issue regulations to carry out the act and all amendments to the act no later than 15 days after the date of enactment via Emergency Rulemaking Authority.
 - o It is important to note that some provisions give treasury 10 days to issue guidance.
- \$425 billion for loans and guarantees in support of programs or facilities that provide liquidity to the financial system that supports lending to eligible businesses, states, and municipalities.

Aviation

- \$50 billion for loans and guarantees for passenger air carriers.

- \$8 billion for loans and guarantees for cargo air carriers.
- \$17 billion for loans and guarantees for businesses critical to maintaining national security.
- \$10 billion for Grants-In-Aid for airports.
- \$100 million in aid for general aviation airports.

Transit

- \$20 billion for Transit Infrastructure Grants/public transportation emergency relief.

Links to Attachments

[BAI20191](#)

[HEN20275](#)

[Coronavirus Supplemental Appropriations Summary](#)