May 1, 2020

TO: USTOA Members

FR: Terry Dale

Below is our COVID-19 Update for May 1, 2020:

**Congress**

* Senate Majority Leader McConnell and House Minority Leader McCarthy indicated that they will not agree to any COVID-19 stimulus package that does not include protections for employers from lawsuits (liability protections). Speaker Pelosi and Leader Schumer are opposed.
* House Transportation and Infrastructure Committee Chairman Peter DeFazio (D-OR) is pressuring the Federal Aviation Administration (FAA) to require facemasks on planes for all onboard. Major airlines, including American Airlines, Delta Airlines, United Airlines, JetBlue, and Southwest Airlines, have already made a face covering a requirement to travel.
* As states continue to struggle to acquire adequate personal protective equipment (PPE), Rep. Anthony Brown (D-MD) and Sen. Elizabeth Warren (D-MA) are sponsoring companion bills that direct control of medical supply chains to the Federal Emergency Management Agency (FEMA). The companion legislation is one of multiple that have been introduced by Democrats in recent days that would centralize at least some parts of the supply and delivery of medical supplies during an emergency.
* House Ways and Means Chairman Richard Neal (D-MA) plans to introduce legislation that ensures businesses are not taxed on business expenses resulting from Paycheck Protection Program (PPP) loans. The move comes in response to Internal Revenue Service (IRS) [guidance](https://www.irs.gov/pub/irs-drop/n-20-32.pdf%22%20%5Ct%20%22_blank) posted Thursday that would prevent companies from taking tax deductions for business expenses that they normally claim, such as wages, rent, certain interest and utilities, if the spending comes from loans under the PPP.
	+ Senate Finance Chairman Chuck Grassley (R-IA) released a statement criticizing the IRS guidance as counter to lawmakers’ intent but did not indicate next steps.
* Senator Tom Udall (D-NM) led a letter to Secretary of the Interior David Bernhardt on Friday opposing the Department’s plans to provide relief on federal royalty payments for oil and gas production on federal lands amid the pandemic. The Senators argued that not requiring companies to pay these royalties would cripple state budgets. Other Senators who signed on to the letter include Senators Edward Markey (D-MA), Ron Wyden (D-OR), Cory Booker (D-NJ), Dianne Feinstein (D-CA), Martin Heinrich (D-NM), Bob Menendez (D-NJ) and Debbie Stabenow (D-MI). A press release from Senator Udall and a link to the letter can be found [here](https://www.tomudall.senate.gov/news/press-releases/udall-senate-colleagues-urge-interior-department-to-maintain-oil-and-gas-royalties-to-protect-western-state-budgets%22%20%5Ct%20%22_blank).
* The House Judiciary Committee sent a letter to Amazon CEO Jeff Bezos requesting that he testify before the Committee regarding the possibility that his company provided misleading information to the Committee on their use of third-party sellers’ data to create competing products. The inquiry comes after a Wall Street Journal report that stated Amazon employees have monitored which third-party products sell well and then produced competing “Amazon” products sold for less.

**Administration**

* President Trump signed an E[xecutive Order](https://www.whitehouse.gov/presidential-actions/executive-order-securing-united-states-bulk-power-system/%22%20%5Ct%20%22_blank) prohibiting U.S. electric utilities from installing grid devices from foreign manufacturers that could threaten national security. The order comes in response to mounting concerns in the utility sector that companies from China, Russia or other foreign adversaries could be surreptitiously installing software on electric grid devices like transformers or capacitors that can monitor or disrupt utility systems.
* On Friday, the Food and Drug Administration (FDA) officially [authorized](https://www.fda.gov/media/137565/download%22%20%5Ct%20%22_blank) the use of Remdesivir to treat COVID-19.
* The Government Accountability Office (GAO) released a report that all railroads are currently on track to meet the December 31 deadline to implement positive train control (PTC). However, amid concerns that supply chain disruption could cause delays, some railroads are creating contingency plans, including service stoppages. The GAO report can be found [here](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fsubscriber.politicopro.com%2ff%2f%3fid%3d00000171-cbf9-d7a8-ad7b-fbfd4f020000&c=E,1,7auN1nmSttTKZpj7af_FIN2Xy2oniSVK1SzvUqfoiQkq2OU9x9csHExYVZBOj5iQFXAYXaRv93B28heqKP1Nq89yqvl-CCeXq4iWSzMLZUR3ou8hhvyH1f8,&typo=1" \t "_blank).
* Federal Register Notices
	+ The Office of Energy Efficiency and Renewable Energy (EERE) is required to periodically revisit their energy conservation and cost efficiency rules. EERE has tentatively determined that more stringent small electric motors standards would not be cost effective, and, thus, is not proposing to amend its energy conservation standards for this equipment. The Department of Energy (DOE) requests comment on this proposed determination and associated analyses and results. The notice can be found [here](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fwww.federalregister.gov%2fdocuments%2f2020%2f04%2f30%2f2020-08319%2fenergy-conservation-program-energy-conservation-standards-for-small-electric-motors&c=E,1,dtkQA7sRj-fY87tz2vaiEQRTypqhWOczyKwPvok8u3p8sJuVoA-iX7IJ8bnB4jtclfM5J-Tp5UY_xxTqnw-50xh-ReqLbAzXEpqRRBeXpKWrzIlkykU,&typo=1" \t "_blank).
	+ The Environmental Protection Agency (EPA) is amending carbon dioxide standards for automotive model years 2021 and later and the National Highway Traffic Safety Administration (NHTSA) is amending fuel economy standards for model year 2021 and setting new fuel economy standards for model years 2022-2026. The standards set by this action apply to passenger cars and light trucks. The final rules are part of the Administration’s actions related to Safer Affordable Fuel-Efficient (SAFE) Vehicles. The notice can be found [here](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fwww.federalregister.gov%2fdocuments%2f2020%2f04%2f30%2f2020-06967%2fthe-safer-affordable-fuel-efficient-safe-vehicles-rule-for-model-years-2021-2026-passenger-cars-and&c=E,1,hnd6zPjrr5j_6pSTEtmKkEgQDYvMTCS1LtxlQTWevpowZUsnSpNcLq-TmqAoX0yyEX50TlRPI70XRRThOi9XYivcetpnORoLOaY0AjXVfrmqipUm&typo=1" \t "_blank).
	+ The National Aeronautics and Space Administration (NASA) announced that they will convene a meeting of the Aerospace Safety Advisory Panel on Friday, May 15. The notice can be found [here](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fwww.federalregister.gov%2fdocuments%2f2020%2f04%2f30%2f2020-09233%2faerospace-safety-advisory-panel-meeting&c=E,1,CKMfvjyQ0hyicEyGPt_fOEDTMDNTqhSk0W41isrVTHycssomim6cp_qpn-fTI210CymKSVSgmlxLboZfl9vLhp2hVLXRmJjU3mVopZkmRi44otkmUNahbDNAv6o,&typo=1" \t "_blank).
	+ The Office of the US Trade Representative is requesting comment on extending exclusions from the $16 billion action (Section 301) on Chinese tariffs. The notice can be found [here.](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fwww.federalregister.gov%2fdocuments%2f2020%2f04%2f30%2f2020-09235%2frequest-for-comments-concerning-the-extension-of-particular-exclusions-granted-under-the-july-2019&c=E,1,iS1s_c1T0ncOudPiKcgnk1gw9afaBi1_Vp1cqdv4aROKWVhStt31YdtFe4t0qhRyu9gz6KhXmRNpOJKvcDOPVEqzk2QP2TRY1x5Cud3OLD6iQMs,&typo=1" \t "_blank)
	+ The Office of the US Trade Representative is requesting comment on extending exclusions from the $34 billion action (Section 301) on Chinese tariffs. The notice can be found [here.](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fwww.federalregister.gov%2fdocuments%2f2020%2f04%2f30%2f2020-09237%2frequest-for-comments-concerning-the-extension-of-particular-exclusions-granted-under-the-july-2019&c=E,1,6bwjUz_upBrvYNeTCFv0xgcDGlRFjoUMnW8Z3nTIX7CLK2SqP_VI3YnelNufJX4jisCF0RXYkRxPsowA0qKYMwEOf4tVFehLUwEg5anEfA,,&typo=1" \t "_blank)
	+ The Department of Treasury (Treasury) issued regulations allowing additional lenders to originate loans and establish terms and conditions. In the interim final rule, Treasury authorizes all lenders eligible to originate loans under the PPP to use an alternative criterion for calculating the maximum loan amount for PPP loans issued. The full notice can be found [here](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fwww.federalregister.gov%2fdocuments%2f2020%2f04%2f30%2f2020-09239%2fsmall-business-administration-business-loan-program-temporary-changes-paycheck-protection&c=E,1,3-du8PWwzzFXq3CtkiRbXnRc9p2q1KHgsEIbYl3pWnaO3lLrNpftSrU7G3owMsFh6dbO0uYS2_fN86BGkWx_AaFZWQjB9M7Te7SB096sjnAn6NqIqvkuuObk2DkT&typo=1" \t "_blank).

**Other News**

* American Airlines Chief Executive Doug Parker indicated that although the CARES Act funds helped the company, the money does not solve all of the airline’s issues. American is retiring part of its fleet ahead of schedule, while 39,000 employees are retiring early, taking leave, or are working a reduced schedule, amid the crisis.
* Boeing announced that it will not seek federal funds to help recover from the COVID-19 pandemic after raising $25 billion in a bond offering.
* The CEO of Canary, an independent oil field services company, Dan Eberhart, has requested tariff relief on steel and other manufactured goods to provide assistance to his company during the COVID-19 pandemic.
* The Airports Council International [released](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fairportscouncil.org%2fwp-content%2fuploads%2f2020%2f03%2fAirport-CARES-2.0-Plan.pdf&c=E,1,OA88DU_Zmk1RQ-dnOsBO8l9qVJKyX0XM_-fdSqBW0uTCjztgigUZncHK47gnlw73wlBxUeWfjnGO5dGijOYD3iDS-ZIXzHazfmVcHwisYHa8QSCT&typo=1" \t "_blank) metrics on the impact of COVID-19 on the aviation industry and an additional request for COVID-19 airport relief. Highlights from the metrics are below:
	+ Total passenger traffic as a result of the pandemic are forecasted to be 45% lower than had been forecasted before the onset of COVID-19.
	+ Total airport operating revenue is expected to decline 41% this year, representing almost $21B.
	+ The collection of the Passenger Facility Charge is expected to decline by $2.6B, an important source of airport revenue.
* Highlights from the airports’ request are below:
	+ Provide at least $13 billion in general fund revenue to commercial service airports, with no additional funds for airports that received in excess of four years of operating funds through the CARES Act to be distributed through Airport Improvement Program (AIP) passenger and cargo entitlement formulas and awarded by the FAA within 4 days of enactment.
	+ Dispense any leftover funds based on passenger enplanements at each airport and eliminate any local match requirements for the funds.
	+ Allow these funds to be used by airports for any purpose for which airport revenues may lawfully be used.