June 1, 2020

TO: USTOA Members
FR: Terry Dale

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

**Congress**

**Updates at 7:00pm ET**

**Senate Activities**

* Senate Majority Leader Mitch McConnell (R-KY) indicated the Senate will soon pass the House-passed H.R. 7010 to ease Paycheck Protection Program loan requirements from eight to 24 weeks. Senate leadership is expected to try to pass the bill today.
* The Senate Committee on Commerce, Science and Transportation will hold a hearing this Wednesday on “The State of Transportation and Critical Infrastructure: Examining the Impact of the COVID-19 Pandemic.” The hearing will focus on the impact of COVID-19 on surface transportation and the supply chain.
* The interest on the part of Senate Republicans to pass another relief/stimulus package is growing.
	+ Committee Chairs have been meeting with Majority Leader McConnell to discuss options.
	+ While the House-passed HEROES Act calls for an additional $3T in spending, Senate Republicans are likely to propose significantly less. There continues to be discussion around including broadband in any infrastructure package.
* S.3398 – The Eliminating Abusive and Rampant Neglect of Interactive Technologies Act ([EARN IT Act](https://www.judiciary.senate.gov/press/rep/releases/graham-blumenthal-hawley-feinstein-introduce-earn-it-act-to-encourage-tech-industry-to-take-online-child-sexual-exploitation-seriously%22%20%5Ct%20%22_blank)), which would amend Section 230 of the Communications Decency Act of 1996, is expected to be marked up as early as this week. Section 230 largely immunizes online service providers (websites, social media platforms, apps, etc.) from liability for the actions of their users.
	+ Senate Judiciary Committee Chairman Lindsey Graham (R-SC), along with Sens. Richard Blumenthal (D-CT), Josh Hawley (R-MO) and Judiciary Committee Ranking Member Dianne Feinstein (D-CA) introduced the legislation in March.
	+ In the House this work is being led by Consumer Protection Subcommittee Chair Jan Schakowsky (D-IL), in coordination with others, who are working on their own proposals, on a Section 230 bill.
	+ We are hearing that multiple Members are exploring ways to address Section 230 and expect several bills to emerge in June. The President’ s Executive Order, in response to Twitter, continues to be a focal point of attention. As a reminder, President Trump recently signed an order directing the Federal Trade Commission (FTC) to review potential cases of anti-conservative bias on behalf of social media platforms under its Section 5 authority, a provision that gives the FTC the authority to sanction companies that engage in unfair or deceptive acts or practices. It also directs the Commerce Department to petition the Federal Communications Commission (FCC) to reexamine the scope of Section 230 of the Communications Decency Act.
* Senate Commerce, Science, and Transportation Committee Ranking Member Maria Cantwell (D-WA) will introduce a privacy bill together with Senator Bill Cassidy (R-LA) today or tomorrow.
	+ Elevate has learned that the legislation will not include a private right of action, a significant issue for many in Congress.
* Elevate understands the Senate Appropriations Committee may markup legislation the third week of June, consistent with our previous reports that the Committee is hoping to have all bills reported out of the Full Committee by the July 4 recess.
* Senator Mazie Hirono (D-HI) [called](https://www.hirono.senate.gov/imo/media/doc/2020.06.01%20Standards%20for%20Safe%20Air%20Travel.pdf%22%20%5Ct%20%22_blank) on the Department of Transportation, the Department of Health and Human Services, the Department of Homeland Security and the Center for Disease Control to provide clear and comprehensive standards to protect air travelers from coronavirus. Senator Hirono asserts the current system in place is inconsistent and voluntary.
* The Senate Armed Services Committee is expected to spend next week marking up the NDAA bill. Senate floor action is likely the week of the June 15th or 22nd .

**House Activities**

* The House is in recess though committees are still holding hearings. As a reminder, House Majority Leader Steny Hoyer (D-MD) announced a new schedule, which included “committee work periods” during which there would be no scheduled votes, but key committees, such as the Appropriations Committee, would hold businesses. The House is next scheduled to vote on May 30th.
* Rep. Jason Crow (D-CO) is leading an effort, through two pieces of legislation, to push the Pentagon to take steps to lower the risks military bases face from water shortages and electrical grid vulnerabilities. Rep. Crow plans to incorporate the two draft bills into the National Defense Authorization Act (NDAA), to ensure that the U.S. is addressing the threats of climate change on military bases.
	+ One bill requires the Pentagon to review water scarcity at military installations every 10 years. The bill can be found [here](https://ustoa.com/r/ustoa-filemanager/source/resources/jason-crow-bill.pdf).
	+ The second bill would authorize $25M to mitigate vulnerabilities in electrical infrastructure. The text of this legislation is not yet available publicly.
* House Transportation and Infrastructure Committee Democrats plan to release the text of the surface transportation reauthorization bill as early as this Wednesday. It will include three main titles (highway, transit and rail) and is largely in line with the framework released by House Democrats earlier this year. While there is no specific climate-related title in this bill, there are climate and resiliency related polices throughout the bill. The bill is currently a five-year authorization totaling $476B, with $311B for the highway title, $105B for transit and $60B for rail.
	+ **Highway**
		- The highway title includes major changes, including but not limited to a $28B dedicated bridge investment program, increased focus on state of good repair as it pertains to the national highway performance program, funding for a new national 50-state Vehicle Miles Traveled pilot program to research alternative funding mechanisms for transportation infrastructure, and doubling of funding for Vehicle Miles Traveled pilots focusing on cybersecurity.
		- There is a new apportionment program, one focused on climate change mitigation and one on resiliency. Additionally, there is increased funding for bike and ped infrastructure and reforms to the national highway performance program to dissuade unnecessary capacity expansion projects.
	+ **Transit**
		- In the transit title, there is a 57% increase in formula funds and a focus on frequency of service. There is a required rulemaking for federal, state, and local transportation and transit agencies, on data sharing practices. Buy America rules are expected to be used to close off “loopholes” in rolling stock procurement requirements.
		- Additionally, there is a secondary formula for agencies that have old busses to help them upgrade, as well as funding for zero emission buses. The title also has an increased focus on low-income riders, worker safety and frontline workforce training and innovation.
	+ **Rail**
		- The new $19B passenger rail improvement program will cover what was in State of Good Repair, operational improvement, and passenger rail improvement. High speed rail will also be eligible. The bill also will reauthorize Consolidated Rail Infrastructure and Safety Improvements (CRISI) and provide several rail safety reforms.

**Updates at 11:00am ET**

* Senate Republicans believe the next major COVID-19 relief package is likely to move in the coming weeks. At this point we believe a package is not likely to move until July. Republicans and Democrats alike will be faced with how to help 40M Americans that are currently out of work.
	+ Majority Leader McConnell and his Republican colleagues continue to assert that they will not support an extension of the unemployment benefits that Congress passed as part of the CARES Act. They continue to argue that the benefits provide a disincentive to return to work and are proposing other alternatives, including a back to work bonus.
	+ Democrats continue to counter this, stating that on average, regular unemployment insurance covers just half of workers’ pay.
* Lawmakers in Congress that have little in common have made tech a shared target on issues related to antitrust, privacy, and online content. It is possible that the President’s recently signed Executive Order will renew conversations amongst lawmakers related to withdrawing Section 230 protections for tech and, especially, social media companies.
	+ The EARN IT Act, led by Sen. Lindsey Graham (R-SC) currently has six Democratic and four Republican cosponsors and Rep. Jan Schakowsky (D-IL), the Chair of the House Energy and Commerce Consumer Protection Subcommittee, is expected to introduce her own Section 230-related bill. Other members are drafting legislation around the issue also.
* Democratic Congressional staff signaled optimism that some money for broadband will be included in a future COVID-19 relief package. A spokesperson for Sen. Ed Markey (D-MA) claimed that there is bipartisan support for spending more money on E-Rate, Lifeline, or Rural Healthcare initiatives, for example. These Federal Communications Commission (FCC) subsidized programs are aimed at helping to get more Americans digitally connected.
	+ However, partisan divides remain with respect to funneling more money into existing FCC subsidy programs related to broadband and new pilot initiatives. Republicans have favored setting up new pilot initiatives, arguing these could deliver more money quicker and with more flexibility.
* Rep. Ro Khanna (D-CA) is continuing his calls for an internet fairness doctrine to allow experts to respond to flagged posts. This call comes in direct response to Twitter’s practice of flagging some of President Trump’s tweets.

**Administration**

**Updates at 7:00pm ET**

* President Trump plans to deploy “federal assets” to cities across the nation in response to protests after the police-involved death of George Floyd in Minneapolis. The White House has indicated that the Administration plans to set up a command center to direct protest response and work with state and local officials that will include Joint Chiefs Chair Gen. Mark Milley, Defense Secretary Mark Esper and Attorney General William Barr.
* Brooke Rollins, the White House’s top domestic policy adviser, said on Monday that President Donald Trump is exploring a range of bipartisan initiatives to attempt to unify the country amid a nationwide eruption of racial unrest and protests.
* A spokesperson for U.K. Prime Minister Boris Johnson has said that the U.K. would veto any effort for Russia to rejoin the G-7. President Trump announced on Saturday that he is postponing the annual G-7 summit until September and is planning on inviting four non-member nations, including Russia.
* Canadian Prime Minister Justin Trudeau also has said that Russia’s return to the G-7 is unacceptable.
* All decisions on membership must be backed unanimously by the G-7 members.
* The Department of Health and Human Services’ Biomedical Advanced Research and Development Authority has awarded $628M to Emergent BioSolutions to increase the country’s vaccine manufacturing capacity. This agreement is part of Operation Warp Speed, a Trump Administration initiative to speed the development of the COVID-19-related drugs.
* This agreement extends on an already existing $163M agreement with Emergent.
* Secretary of State Mike Pompeo said Monday that the Trump Administration is considering action aimed at countering the International Criminal Court’s (ICC) investigation of alleged war crimes committed by U.S. officials in Afghanistan. Pompeo said that the United States is not consenting to this investigation and that the ICC has “become corrupted.”
* This is another international organization that the United States has condemned, after pulling funding from the World Health Organization on Friday.
* The latest [figures](https://www.ams.usda.gov/mnreports/sj_ls712.txt%22%20%5Ct%20%22_blank) from the Department of Agriculture show that U.S. meat production is returning to nearly last year’s capacity. However, concerns about the safety and health of plant workers remain, as at least 44 meat plant workers have died.
* A spokesperson for the Occupational Safety and Health Administration (OSHA) stated they have received more than 4,400 complaints due to COVID-19 related problems but have only issued a single citation.
* The Internal Revenue Service (IRS) has left tens of billions of dollars on the table of uncollected tax money from high-income, non-filers, according to an audit released today. The Treasury Inspector General for Tax Administration estimated that $45.7B was owed by almost 900,000 high-income non-filers for the tax years 2014 through 2016. The IRS chose not to pursue almost 400,000 of these cases, which were worth an estimated $20.8B.
* The Trump Administration will limit the number of chartered flights to Cuba at 3,600 per year. The move is another step in its attempt to impose restrictions on Cuba.
* The Environmental Protection Agency announced its final rule limiting states’ ability to veto infrastructure projects over water quality concerns. The rule mirrors a [proposed rulemaking](https://www.epa.gov/newsreleases/administrator-wheeler-issues-proposed-rule-clean-water-act-quality-certification%22%20%5Ct%20%22_blank) in August and limits the types of issues that states, can use to justify blocking a federal permit for Clean Water Act projects. The rule can be found [here](https://ustoa.com/r/ustoa-filemanager/source/resources/2020-06-01-epa-rule-on-grant-authority-under-the-cwa.pdf).
* The Federal Aviation Administration (FAA) released updated information regarding CARES Act grants to Airports, including FAQs for airports who received grants. The FAA also updated information for airport sponsors. The documents can be found [here](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fwww.faa.gov%2fairports%2fspecial_programs%2fcovid-19-airports%2f&c=E,1,-vGSsa4xnLlL8vUte6BbZJmlt6TIQNEr5xAFbtAbRDVa6s7YhzXvSjdT6EpsSGPoBflTeUn3_0ac4DMYHBcOuvrDel7aBJnWMlXf5h2pCCmtTR0Cog,,&typo=1" \t "_blank).

**Updates at 11:00am ET**

* The National Oceanic and Atmospheric Administration (NOAA) warned that it expects a busy hurricane season this year, as the Atlantic hurricane season officially begins today. States across the country, meanwhile, are rewriting their emergency plans to account for the ongoing pandemic.
* The Federal Aviation Administration (FAA) on Friday granted the National Air Transportation Association’s two requests for extended exemptions for certain crew training and checking requirements. The two letters granting the exemptions are [here](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fwww.nata.aero%2fassets%2fSite_18%2ffiles%2fCoronavirus%2fNATA%2520Extension%2520of%2520Exemption%2520No.%252018510%2520Final.pdf&c=E,1,yw4ruf0GNCNS6Lxxq_9zCz8mlpuhJHQsQUv108w20YJWmCZduPX8zGH6eFsaYBBceasTSJzZjBcK0Zao6J8Zs9qJpu2K_7hIqmSnNA3GolMiV2cdwexl&typo=1" \t "_blank) and [here](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fwww.nata.aero%2fassets%2fSite_18%2ffiles%2fCoronavirus%2fNATA%2520Extension%2520of%2520Exemption%2520No.%252018509A.pdf&c=E,1,cMQdqoz4huDImNfy-hMV7OktTguuP1MSlBBL2gXY5WjH7AGEO4qjzNVKuTKsCTRep_PLcHyZJESO5Auzt6ASPQEgthnajOGRN2yEhjQrxfECkDectfQ,&typo=1" \t "_blank).
* The Supreme Court ruled against a California church’s challenge that the COVID-19 lockdown orders are putting an unconstitutional burden on religious freedom. Chief Justice John Roberts sided with the court’s liberal Justices in rejecting the request for relief from Governor Gavin Newsom’s most recent directive limiting churches to 25% of their normal capacity.
* Following the President’s announcements withdrawing from the World Health Organization, suspending entry to the U.S. by Chinese nationals deemed security risks to American scientific research, and scrutinizing Chinese companies listed on U.S. markets, the Chinese Embassy in Washington urged the U.S. to do its part to better manage problems with relations between the two countries. As a reminder, the President also announced that his Administration would start rolling back special preferences for Hong Kong.
* President Donald Trump announced Saturday he is postponing the G7 summit until September and plans to include Australia, India, Russia and South Korea, who normally do not attend these meetings.
* President Trump was in Florida yesterday for the successful launch of the SpaceX-NASA mission, which was postponed from earlier last week due to inclement weather. The SpaceX Crew Dragon officially docked at the International Space Station Sunday morning.
* The Trump Administration officially labeled Antifa as a terrorist organization over the weekend. White House National Security Adviser Robert O’Brien stated over the weekend that Attorney General Barr and the Federal Bureau of Investigation (FBI) are focused on surveilling, disrupting, and taking down Antifa.
* The U.S. Department of Agriculture (USDA) on Friday lowered its U.S. agricultural exports estimate to $136.5B for fiscal year 2020, down $3B from its February forecast. USDA cut its export forecast to China to $13B, down $1B from its February projection.
* President Trump’s Executive Order targeting social media companies last week stripped liability protection from companies that censure content. The Executive Order was immediately rebuked by tech companies, industry lobbyists, and free speech advocates. As a reminder, the U.S. Chamber of Commerce condemned President Trump’s Executive Order on Friday. The statement indicated the Chamber’s belief that the order violated principles of public policy.
* On Friday, the Justice Department said private parties have a right to challenge a merger after it has been completed. Jeld-Wen, one of the country’s biggest manufacturers of doors, is seeking to overturn a court order that would unwind its 2012 merger with rival Craftmaster International and require it to pay $176 million in lost profits to Steves & Sons, a customer who sued over the deal. The case marks the first time a third party has challenged a merger and persuaded a court to unwind the deal after it was consummated.
	+ The decision in this case will ultimately matter for large tech companies accused of using acquisitions to become dominant in their respective markets.
* Federal Register Notices
	+ the Wireless Telecommunications Bureau seeks comment on a request that the Commission stay, pending judicial review, the rules adopted in the Report and Order and Order of Proposed Modification, filed by the Small Satellite Operators. The notice can be found [here](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fwww.federalregister.gov%2fdocuments%2f2020%2f06%2f01%2f2020-11842%2fwireless-telecommunications-bureau-seeks-comment-on-joint-petition-for-stay-of-37-42-ghz-band&c=E,1,eAPw8EF2MCLj1XOhHrdPVzht1RNzAR0nJ3nLEJ4JwFN5R-edyTrvFbnm30iSGs8O9PA2VXBZ7iLLRQaeBCZOV5BG84VL5fZE3MKqFkJyJlySXdQVU99BVNi9gg,,&typo=1" \t "_blank).
	+ The General Services Administration is now holding its public meeting of the Green Buildings Advisory Committee under the Office of Federal High-Performance Buildings via web conference. The notice can be found [here](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fwww.federalregister.gov%2fdocuments%2f2020%2f06%2f01%2f2020-11629%2foffice-of-federal-high-performance-buildings-green-building-advisory-committee-updated-notification&c=E,1,36Kj3JzIBfmglVpeY8MnBpWak0paFUctu3yNKKAahanfdTkU3j_cQg7Yt5HTtBHFhbx2J3XZtB5Xr14BOGYTsa10Bk0N2IpBqv85ixoLBSkJFXbleT4,&typo=1" \t "_blank) and the agenda for the meeting can be found below.
		- June 11, 2020 Updated Meeting Agenda
			* Updates and introductions
			* Renewable energy outleasing task group findings & recommendations
			* Embodied energy task group findings & recommendations
			* Additional topics proposed by Committee members
			* Public comment
			* Next steps and closing comments
	+ The Small Business Administration (SBA) posted the requirements for loan forgiveness under the Paycheck Protection Program (PPP). The notice can be found [here](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fwww.federalregister.gov%2fdocuments%2f2020%2f06%2f01%2f2020-11536%2fbusiness-loan-program-temporary-changes-paycheck-protection-program-requirements-loan-forgiveness&c=E,1,ULbmRM9-79vHqUsSX5thOv9G_3K9GqAsaKxUlDI7w7LTLpj_8I3YR3qoZOjMMo9zIOP8bXWjYINfs6gJMOImxDFs4rhyCE1-u9MVyfkNvw,,&typo=1" \t "_blank).
	+ SBA also informed borrowers and lenders of SBA's process for reviewing PPP loan applications and loan forgiveness applications. The notice can be found [here](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fwww.federalregister.gov%2fdocuments%2f2020%2f06%2f01%2f2020-11533%2fbusiness-loan-program-temporary-changes-paycheck-protection-program-sba-loan-review-procedures-and&c=E,1,AEBriLumZZC9IoyMAYKR77lhN1xjcjFsSlsqWRrhERd10L0VofbBsfhT9sNRskEwM56E8qh09dKn2YSIW5mgJ4nLO9Yrl2gBEY4d0ngiCYbpvQ,,&typo=1" \t "_blank).

**Other News**

**Updates at 7:00pm ET**

Gilead, the manufacturer of the drug Remdesivir, said that five days of treatment with the drug will help moderately ill coronavirus patients improve. However, their studies also found that a 10-day dose of the treatment appears to have no meaningful effect compared to the normal standard of care.

**Updates at 11:00am ET**

* Latin America is poised to be the next epicenter for the COVID-19 pandemic. The region currently has approximately 920,000 confirmed cases and nearly 50,000 deaths across the region's 33 countries, but those numbers are rapidly increasing. Mexico saw its largest daily increases in COVID-19 deaths and cases last week and, while recording about 85,000 confirmed cases and around 9,400 deaths, likely has real numbers that are much higher given that Mexico is testing at a relatively low rate compared to many other countries.
	+ This could have major impacts on U.S. industries, such as the auto industry, that rely on Mexico as a major part of the supply chain.
* America’s seaports have seen a steep decrease in cargo since the beginning of the COVID-19 pandemic but have yet to receive direct federal relief. Containerized cargo was down 18% in March and, according to Chris Connor, CEO of the American Association of Port Authorities, will likely be down 20%-25% for April and May. Auto ports were hit especially hard by the closing of Chinese factories and some have seen volumes down by as much as 90%.
* Southwest Airlines announced Friday that it will allow for empty middle seats on flights through July 31. Though airlines have claimed that leaving these seats open will be detrimental to their business, many in Congress have pushed the carriers to implement these steps to restore traveler confidence in flying.
* Due to protests in response to the death of George Floyd, areas across the country have mobilized the National Guard to assist law enforcement. In Minnesota, the National Guard’s presence has increased from 700 deployed on Friday to more than 4,100 on patrol. It is expected that number will grow to over 10,000. Though the protests have largely been peaceful, there have been instances of violence that have prompted the deployment of the National Guard.
* U.S. stocks have made a significant rebound since late March. According to the Wall Street Journal, “Optimism about state and business reopenings and the potential development of a coronavirus vaccine has lifted the S&P 500 36% from its March low, cutting its losses for the year to 5.8%. The index rallied 3% last week to cap its best two-month stretch since 2009. The Stoxx Europe 600, meanwhile, is down 16% in 2020, and Hong Kong’s Hang Seng Index is off 19%.”
	+ Investors point to a booming technology sector and an unprecedented amount of stimulus from the Federal Reserve as main reasons for the outperformance.
* Zoom, the video conferencing platform, is planning to strengthen encryption of video calls hosted by paying clients and institutions such as schools, but not by users of its free consumer accounts.