With a month having passed since the Democratic-controlled US House of Representatives passed the US$3 trillion HEROES Act as a sequel to the bipartisan US$2.7 trillion CARES Act, calls are being renewed for Republicans in the US Senate to begin negotiations for the purpose of forging the next major federal coronavirus response deal. The White House, having dismissed calls from Senate Majority Leader Mitch McConnell (R-KY) for a more limited COVID-19 economic recovery package, is reported to be readying a US$1 trillion national infrastructure proposal in preparation for the upcoming talks, while Democrats on the House Committee on Transportation and Infrastructure are preparing for legislative action Wednesday on
a nearly US$500 billion surface transportation bill.

House Speaker Nancy Pelosi (D-CA) marked a month of Senate inaction on HEROES angrily Monday in a “dear colleague” letter to members of the House Democratic Caucus:

We pray for a vaccine and a cure but are months away from such relief from COVID-19. We do have testing, tracing, treatment and isolation to curb the spread of the virus and have a moral responsibility to engage in such practices.

We must insist on the passage of [the HEROES Act] to honor our heroes, open our economy with testing and put money in the pockets of America’s working families. Senator McConnell has said we need a pause. The virus doesn’t pause, unemployment doesn’t pause, hunger doesn’t pause – and neither should we.

The Republican Senators are turning their backs on the American people. Senator McConnell says he is the Grim Reaper and indeed he is. Every day the GOP Senate delays, more lives and livelihoods are lost.”

Topics covered today include tax and economic development, health, international trade, European policy, government oversight and US state developments.

A unified call for congressional action on the next COVID-19 response measure is also coming from some of the nation’s top economic and monetary policy minds. A letter signed by more than 100 American economists, led by former Federal Reserve Board Chairs Ben Bernanke and Janet Yellen, will arrive on Capitol Hill today urging Congress to pass a “multifaceted relief bill of a magnitude commensurate with the challenges our economy faces,” POLITICO reports. The bill “must be large, commensurate with the nearly $16 trillion nominal output gap our economy faces over the next decade,” the letter will say.

Bloomberg, citing “people familiar with the plan,” reports that the administration of President Donald Trump “is preparing a nearly $1 trillion infrastructure proposal as part of its push to spur the world’s largest economy back to life.” The Department of Transportation, under the leadership of Secretary Elaine Chao, is reported to be preparing the measure, which “would reserve most of the money for traditional infrastructure work, like roads and bridges, but would also set aside funds for 5G wireless infrastructure and rural broadband,” according to Bloomberg.

The House Committee on Transportation and Infrastructure is scheduled to begin committee consideration Wednesday of a US$494 billion surface transportation measure that has split Democrats and Republicans on the Hill. Republicans contend they were excluded from the process of crafting the measure, which includes numerous proposals intended to combat climate change. Hundreds of amendments are expected to be proposed to the measure during committee action on the bill, some of which could receive bipartisan support and emerge as factors when the two parties meet early next month to begin formal negotiations on the next COVID-19
**Tax and Economic Development Updates**

After much anticipation, the Federal Reserve yesterday morning officially launched its Main Street Lending Program (MSLP) and began allowing lenders to register. Eligible lenders can find registration documents on the program's lender portal and “are encouraged to begin making Main Street program loans immediately.” Eligible businesses (up to 15,000 employees or up to US$5 billion in revenue) must apply for MSLP loans through a participating lender and can find additional information on the MSLP website. By way of reminder, the MSLP “is designed to help credit flow to small and medium-sized businesses that were in sound financial condition prior to the COVID-19 pandemic but now face cash flow interruptions” and will provide five-year loans with floating rates, with principal payments deferred for two years and interest payments deferred for one year. As presently structured, lenders will work directly with businesses to determine eligibility and approve loans ranging from US$250,000 to US$300 million. The Federal Reserve Bank of Boston, which will oversee the MSLP, said it will begin purchasing loan participations through the lender portal “soon.” The Federal Reserve has indicated that it will be seeking public feedback on its proposal to expand its MSLP to provide access to credit for nonprofit organizations.

Separately, the Federal Reserve also announced various changes to its Secondary Market Corporate Credit Facility (SMCCF), which will begin buying “a broad and diversified portfolio of corporate bonds to support market liquidity and the availability of credit for large employers.” Pursuant to the revised term sheet and updated Frequently Asked Question (FAQs), this index is made up of all the bonds in the secondary market that have been issued by US companies that satisfy the facility’s minimum rating, maximum maturity, and other criteria. This indexing approach is intended to complement the facility’s current purchases of exchange-traded funds.

Small Business Administration (SBA) Administrator Jovita Carranza is urging Paycheck Protection Program (PPP) lenders to “redouble [their] efforts to assist eligible borrowers in underserved and disadvantaged communities, allowing us to expand economic opportunity, before the upcoming deadline of June 30, 2020, to obtain a loan number for a PPP loan.” According to Administrator Carranza, SBA “wants to ensure that entities in underserved and rural markets, including veterans and members of the military community, small business concerns owned and controlled by socially and economically disadvantaged individuals, women, and businesses in operation for less than two years benefit from PPP.” These comments come on the same day as Treasury Secretary Steven Mnuchin tweeted that he “will be having discussions with the Senate @SmallBizCmte and others on a bipartisan basis to strike the appropriate balance for proper oversight of #ppploans and appropriate protection of small business information.” Treasury Secretary Mnuchin’s just days ago indicated that the Trump Administration would not be releasing details about individual loans provided through the PPP, as the information is “confidential” and “proprietary.” Notably, a number of lawmakers – including Senate Committee on Small Business Chairman Marco Rubio (R-FL) and Ranking Member Ben Cardin (D-MD) – have requested that the administration publish details about PPP loans and
Health Updates

In a letter to the Acting Director of the Biomedical Advanced Research and Development Authority (BARDA), the Food and Drug Administration (FDA) revoked the Emergency Use Authorization (EUA) for the drugs hydroxychloroquine and chloroquine. This decision comes after months of debate over its effectiveness in treating the coronavirus. Two large randomized control studies concluded the drugs did not prevent the COVID-19 infection or improve the health of hospitalized patients. The utilization of these drugs has also been a point of contention between health agencies and the administration. As previously reported, President Trump has repeatedly touted its usage and announced that he was taking the drug preventatively himself. Former BARDA Director Rick Bright maintained that he was pressured to request the FDA grant the EUA despite possible health risks such as potentially fatal heart problems. In a separate action on Monday, the FDA updated its fact sheet for providers to reflect evidence that taking hydroxychloroquine and chloroquine reduces the effectiveness of remdesivir, a drug used to treat COVID-19.

Democratic leaders of health committees in the House and Senate are renewing calls for a Special Enrollment Period (SEP). In a letter to Health and Human Services (HHS) Secretary Alex Azar and Centers for Medicare and Medicaid Services (CMS) Administrator Verma, the leaders state, “more than 20 million Americans who recently lost their employer-based health insurance may be eligible for subsidized coverage under the Affordable Care Act (ACA).” According to press reports, President Trump has decided against a SEP because he believes it may confuse his stance on the ACA. The correspondence also requests answers to questions posed in a previous letter sent to the agencies, including the number of individuals who have enrolled in Marketplace coverage due to a SEP from 2017 to the present; details on supporting documentation required to enroll in such plans; and SEP outreach and enrollment activities. The letter was signed by House Committee on Energy and Commerce Committee Chairman Frank Pallone (D-NJ); House Committee on Education and Labor Chairman Bobby Scott (D-VA); House Committee on Ways and Means Chairman Richard Neal (D-MA); Senate Committee on Health, Education, Labor and Pensions Ranking Member Patty Murray (D-WA); and Senate Committee on Finance Ranking Member Ron Wyden (D-OR).

The issue of racial disparities in COVID-19 infections is receiving further attention from the Senate Committee on Finance. In a letter to Ranking Member Wyden, Chairman Chuck Grassley (R-IA) requested input on “areas on which the Committee should focus to reduce health disparities.” Similar letters were sent to all members of the committee. The chairman also notes that these efforts may be taken in tandem with addressing the issue of disparities in maternal health outcomes and prescription drug prices, which “is especially important as minorities suffer from high rates of chronic diseases, such as diabetes and hypertension.”

Trade Updates

On Tuesday, House Foreign Affairs Committee Ranking Member Michael McCaul (R-
TX) published an interim report on Republican staff investigations into the origins of the coronavirus pandemic, China’s initial response to domestic spread and actions by the World Health Organization (WHO). Representative McCaul is also the chairman of the China Task Force, to which the interim report will be submitted and inform a more expansive investigation. Broadly, the report alleges the Chinese Communist Party (CCP) covered up COVID-19 cases during the virus’ initial spread, resulting in a wide scale global pandemic. In the early stages of the virus’ spread, the report argues the CCP did not follow International Health Regulations established by the WHO in 2005 after the spread of Severe Acute Respiratory Syndrome (SARS) in 2003. The report also critiques the WHO’s response to the virus, specifically accusing Director General Dr. Tedros Adhanom Ghebreyesus of delaying the establishment of a Public Health Emergency of International Concern due to political motivations.

The report offers a number of recommendations. First, it calls on Dr. Tedros to resign from his position, while acknowledging the United States should remain a member of the organization. The report also offers a variety of changes to the WHO’s International Health Regulations, namely: amending Article 6 to require member states to share genetic sequencing data and biological samples of any viruses; requiring investigation of any future health reports and claims made by non-member states; altering Article 11 to mandate the WHO share any reports from member-states to all member states within 48 hours; and reforming the structure and powers of the Emergency Committee, especially as it relates to their ability to declare a Public Health Emergency of International Concern.

European Policy Updates

In an attempt to revive negotiations on future trade relations between the EU and the UK following an impasse that has continued through the COVID-19 outbreak, an EU-UK high-level video conference was held on June 15. The UK Prime Minister Boris Johnson reiterated in a statement following the meeting the UK’s intention not to request a formal extension of its Brexit transition period beyond December 31, 2020. Both the EU representatives, European Council President Charles Michel, European Commission President Ursula von der Leyen and European Parliament President David Sassoli, and the UK Prime Minister acknowledged the need for new momentum in future talks. The negotiations would need to intensify in July so as “to create the most conducive conditions for concluding and ratifying a deal before the end of 2020.” While the tone of the exchanges appears to have been positive, there is no indication that any of the outstanding difficult issues, in particular how to deliver on the commitment to a regulatory “level playing field,” have been resolved.

On June 15, travel restrictions within the EU+ area (All Schengen member states – the border-control free travel area – including Bulgaria, Croatia, Cyprus and Romania, as well as the four Schengen Associated States – Iceland, Liechtenstein, Norway, Switzerland) have been eliminated, as internal borders reopen and travel resumes. A dedicated platform, Re-open EU, was launched on June 15 to support a safe restart of travelling and tourism across Europe, providing real-time information on borders and available means of transport. However, the European Commission recommended prolonging temporary restrictions on non-essential travel into the EU until June 30, 2020, with a phased lifting of restriction afterwards. It
proposes that member states should agree on a common list of non-EU countries for which travel would be allowed beginning July 1, to be reviewed regularly and based on objective criteria, common and coordinated approach and flexibility. To that end, the European Commission issued a detailed checklist to help member states agree on a common assessment for lifting travel restrictions into the EU. The EU will resume visa operations based on guidelines issued by the European Commission. Further information can be found here.

On June 12, the European Commission announced its intention to consult with member states on the option to further extend the scope of the State Aid Temporary Framework. The European Commission’s intentions would enable member states to support certain micro and small enterprises (including start-ups) that faced challenges before December 31, 2019, and to provide incentives for private investors to participate in recapitalization measures linked to COVID-19. Subject to the agreement of member states, the European Commission would issue an amended version of the Temporary Framework.

The European Commission has been keen to tackle disinformation in the EU. The EU has experienced a massive wave of false or misleading information related to the COVID-19 outbreak, including attempts by foreign actors to influence EU citizens and debates. To tackle this, on June 10, the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy issued a Joint Communication to tackle COVID-19 disinformation, which analyzes the immediate EU response and proposes concrete actions in response. Namely, it proposes measures to: (i) understand (e.g. false or misleading narratives, illegal content vs harmful content etc.), (ii) communicate by promoting EU fact-based COVID-19 content, (iii) cooperate within the EU and with global partners (e.g. via a Rapid Alert System, WHO, NATO etc.), (iv) create more transparency through the monitoring of online platforms adhering to the Code of Practice on disinformation, (v) ensure the freedom of expression and pluralistic democratic debate, and (vi) empower citizens, raising citizens awareness and increasing societal resilience. Further information can be accessed here.

In recent months, governments across Europe and the Middle East have sought to support businesses in three principal ways – giving them money (grants), lending them money (loans) and relieving them of their bills and financial commitments (e.g., tax relief). This updated guide summarizes government financial support available in key countries, covering loan scheme and financing facilities, employee support, insurance and tax, through to assistance available for the self-employed. The guide outlines the types and level of funding available, eligibility, how to apply and how to access the support.

The UK Government is in the process of pushing the Corporate Insolvency and Governance Bill through Parliament; it is expected to become law later in June. The rationale for introducing these changes now and for fast-tracking them appears to be the Government’s desire to give businesses additional support and options as they navigate their way through the difficulties presented by the COVID-19 pandemic. This guide provides insight on the main areas of the bill likely to impact you or your supply chains, including the corporate moratorium, the restructuring plan, “Ipso Facto” termination clauses and several other temporary changes.
Oversight Updates

The House Committee on Oversight and Reform’s Select Subcommittee on the Coronavirus Crisis has launched an investigation into the disbursement of PPP funds. Yesterday, the subcommittee sent letters to the Treasury Department, the SBA and eight banks, seeking information. Additionally, the subcommittee urged the Treasury Department and the SBA “to take immediate steps to ensure that remaining PPP funds are allocated to businesses truly in need” and to release the names of PPP borrowers. On the latter point, the lawmakers challenged Treasury Secretary Mnuchin’s assertion last week that such information is “proprietary” or “confidential.”

*The Washington Post* reports that last week, the Pandemic Response Accountability Committee (PRAC), a committee created under the CARES Act of inspectors general (IGs) from relevant departments, wrote to four congressional committee chairs to express concern about the lack of transparency. Specifically, PRAC brought to the chairs’ attention that the administration’s interpretation of what type of information it is required to provide to the CARES Act watchdogs “raise[s] questions about PRAC’s authority to conduct oversight” over the US$1 trillion relief package. In response to the letter, House Committee on Oversight and Reform Chair Carolyn Maloney (D-NY) issued a statement yesterday, in which she echoed PRAC’s concerns. Chair Maloney said that, “if the Trump Administration is committed to full cooperation and transparency with taxpayer dollars, it is unclear why it is manufacturing legal loopholes to avoid responding to legitimate oversight requests.” She emphasized that nothing prevents the administration “from fulfilling its supposed commitment to cooperation and transparency by fully complying with all requests from Congress and independent oversight entities including Inspectors General, the Pandemic Response Accountability Committee, and the Government Accountability Office.”

Senators Elizabeth Warren (D-MA), Richard Blumenthal (D-CT) and Chris Coons (D-DE), co-chair of the Congressional Progressive Caucus Representative Pramila Jayapal (D-WA) and chair of the House Democracy Reform Task Force Representative John Sarbanes (D-MD) officially introduced the Coronavirus Oversight and Recovery Ethics (CORE) Act. This bill seeks to ensure stronger oversight, accountability and transparency in the federal government’s response to the COVID-19 crisis. Among other things, the draft legislation would further empower IGs, prohibit conflicts of interest, protect whistleblowers and grant the Congressional Oversight Commission subpoena authority with regard to testimony and documents. In announcing this proposed legislation, Senator Warren urged Congress to pass the bill as part of the next relief package “to hold the Trump Administration accountable as they hand out trillions of dollars in response to the COVID-19 crisis.”

The House Committee on Oversight and Reform Government Operations Subcommittee Chairman Gerald Connolly (D-VA) sent letters to 24 federal IGs requesting their plans to oversee their agencies’ guidelines for returning employees to federal office buildings. “Given the many shortcomings identified in the Administration’s reopening guidelines, as well as the Administration’s unwillingness to engage in even minimal oversight of its abysmal response to coronavirus pandemic, we request that you carefully oversee and review your department’s
actions in this area,” the chairman wrote.

**State Updates**

Liability and government immunity are both hot topics of discussion as legislators and governors grapple with how to emerge from the COVID-19 crisis and protests over police accountability. It will be interesting to watch how **New Jersey** responds to a series of lawsuits filed against it alleging negligence in how it treated patients at the Veterans Memorial Home at Menlo Park, a state run elder care facility. The lawsuits which have been filed on behalf of individuals who died after contracting COIVD-19 while in the state’s care total US$140 million. The allegations, if proven, will surely test the bounds of the state’s likely sovereign immunity defense while also highlighting the tension between how governments respond to lawsuits on behalf of their employees versus how government expects private regulated businesses to react during a crisis and to respond to lawsuits afterward.

In an effort to continue reopening the state while also maintaining a continued decline in COVID-19 hospitalization and mortality rates in his state, **Colorado** Governor Jared Polis (D) yesterday outlined the next phase in his reopening plan called **Protect Our Neighbors**. Over the weekend, the governor signed a new executive order to **delay evictions** as the moratorium on evictions and foreclosures was set to expire at midnight Saturday. The new order says landlords must provide tenants with 30 days’ notice “of any default for non-payment before initiating or filing action for forcible entry and detainer.” The order also prohibits landlords and lenders from charging late fees that may have been incurred for payments due between May 1 and June 13.

**Tennessee** Governor Bill Lee (R) approved in person visitation for family members to visit loved ones at long-term care facilities beginning yesterday. The three-page **guidance** has strict safety measures including testing for all residents and employees, a preparedness plan, maintenance of staffing levels and the absence of a new positive COVID-19 case within the last 28 days. Facilities can use three options for visitation: in an outdoor setting, a visitation booth or with a protective barrier and in a resident’s room if the visitor documents a negative COVID-19 test within 72 hours prior to the visit. **Separate provisions** for visitation involving accommodations for residents with disabilities and other critical assistance or end-of-life care also remain in effect.

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