

Congressional Update

State of Play

Washington DC is currently consumed with how to deal with the public anger over the killing of George Floyd and the broader conversation about policing that has emerged as a result. Additionally, COVID-19 continues to impact parts of the countries with infection and hospitalization numbers going up in a number of states.

Democrats have released a police reform bill that serves as their opening move in the policing conversation. Several Republican legislators have also indicated that they are working on pieces of legislation that address the issue. In a sign of potential bipartisanship, Republican leadership in the House has come out in favor of some of the provisions in the Democrat's bill but has not yet committed to voting for the legislation.

House Democrats are moving on to other legislative priorities after passing the HEROES Act. Leadership has released a voting schedule that does not deal with additional stimulus bills until the Senate either takes up the HEROES Act or introduces its own COVID-19 response bill, they will be focusing on appropriations, surface transportation, passing their police reform bill. One potential stat that could have added pressure on Senate Republicans to act was the jobs report that came out last week. However, the unexpected reduction in the unemployment number, has led leadership to stick to its wait-and-see posture and at this point they do not expect to begin work on another stimulus package until late July.

Paycheck Protection Program

In late May, after much negotiation, Congress was able to pass the Paycheck Protection Program Flexibility Act which made changes to the Paycheck Protection Program (PPP). The two key changes that bill made were to extend the period during which businesses can spend the PPP loan funds from 8 weeks to 24 weeks after issuance; and to also lower the amount that must be spent on payroll to be eligible for forgiveness from 75 to 60 percent.

Secretary Mnuchin recently testified before Congress, along with the head of the Small Business Administration, Jovita Carranza. Some of the highlights from their testimony include plans to relax PPP restrictions on borrowers with criminal records, something that has bipartisan support. The Secretary also confirmed that borrowers will be eligible to receive partial loan forgiveness if they spend less than 60% of the funds on payroll. He also stated that new loan forgiveness loans will be produced, making the process easier than it is currently. The Secretary also expressed support for potentially extending the program past the end of June and considering other expansion and improvement changes.

What We Know About the Next Stimulus Package

Senate Republicans have not made public a framework of what they want to include in the next stimulus package, but we do have some hints. One issue that is being discussed is additional tax breaks. One proposal that might have bipartisan support is an expanding the job-retention tax credit that lawmakers created in March, making more employers eligible and credit more generous. However, the White House seems to prefer giving a weekly bonus to workers who return to their jobs, but how that would work is not clear yet. Another issue is protecting businesses and schools from COVID-19

related liability. Democrats have widely panned this proposal but Senate GOP leadership has been very consistent that this is a red line issue and they see any future stimulus package as having some form of this liability protection included.

Hill Activity Report

We've engaged Congress on AJA's behalf on a number of fronts.

The inmate call rates issue continues to be a matter that some Members of Congress view as a priority. The House passed the HEROES Act which included a provision which would mandate a call rate utilizing a top-down approach that does not take into account the unique needs of each jail. We have pushed back on that and made it clear that our support is with the bill that Senator Duckworth has introduced.

Additionally, we are monitoring a number of bills that would have a positive impact on correctional officers. One bill has made it out of the House and is in the Senate. It would expand the PSOB to include public safety officers that contract the Coronavirus. Another bill would allow for up to \$25,000 student loan repayment or education credit for essential workers, including corrections officers. We have engaged Congress on both of these bills and expressed AJA's support.

Our team has also made significant progress on the Pandemic Risk Insurance Act. As a reminder, this bill would create a federally backed business interruption and event cancellation insurance for public health emergencies, including pandemics. The bill has been introduced and our team has worked closely with the sponsoring office to secure cosponsors. We've also successfully asked that a hearing be held to discuss the bill and that is scheduled to occur later this month. We are currently working to secure additional cosponsors and address concerns that some Members of Congress have.

Another proposal that we are monitoring closely is a business tax credit for face-to-face sales and marketing expenses, such as exhibitions, events, and trade shows. The credit would be 50% of qualified expenses incurred in the US, up to a maximum of \$50,000 per company per year. This would include things like booth expenses and other costs to set up an event or exhibit, and qualified business travel expenses including meals, lodging and transportation. This proposal is in its early stages and we're coordinating with other groups to identify a congressional champion.

Prepared for AJA by Lobbyit.com (6/12/2020)