
1909 K Street, NW
12th Floor
Washington, DC 20006-1157
TEL 202.661.2200
FAX 202.661.2299
www.ballardspahr.com

Brent R. Heberlee
Tel: 202.661.2249
Fax: 202.661.2299
heberlee@ballardspahr.com

MEMORANDUM

TO Legislative Committee

FROM Brent R. Heberlee

DATE June 3, 2020

RE Federal Legislative Update

This memo provides a Federal Legislative Update on the items appearing on the agenda for the June 8, 2020, Legislative Committee meeting.

1. **Coronavirus County Relief and Stability Act**

Congressman Panetta and a bipartisan group of his California colleagues are expected to introduce legislation soon that will provide direct federal funding to county governments to help them respond to the coronavirus pandemic.

The legislative proposal would establish a \$36 billion Coronavirus County Relief Fund for FY2020 to be administered by the Secretary of the Treasury. Each county, regardless of its population, would be entitled to \$1 million plus an additional amount based on its relative population proportion as measured against the population of all counties across the country. Congressman Panetta estimates that Monterey County would receive approximately \$44 million under the proposal.

Significantly, the funding could be used to cover costs associated with necessary expenditures incurred due to the COVID-19 public health emergency *and* to compensate counties for any direct loss of revenue related to the pandemic. The Coronavirus Relief Fund for state and local governments established under the CARES Act does not allow funds to be used for revenue replacement. The funds could be used for certain costs incurred by a county between March 1 and December 30, 2020.

The proposal would also reauthorize the PILT program through FY2025. Last year Monterey County received over \$930,000 from the PILT program.

2. **HEROES Act (H.R. 6800)**

On May 15th the House passed the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act, its fifth piece of COVID relief legislation that covers over 1800 pages and is estimated to cost nearly \$3.5 trillion. The bill was passed mostly along party lines with only a handful of Republicans joining most Democrats in backing the legislation. Senate Republicans have declared the HEROES Act dead on arrival, and Senate Majority Leader Mitch McConnell has not indicated when or whether the Senate plans to develop its next iteration of COVID relief legislation in response to the HEROES Act.

The centerpiece of the HEROES Act is the establishment of a new Coronavirus Local Fiscal Relief Fund that would provide \$875 billion for states and local governments to respond to the negative economic impacts of the COVID pandemic. In addition, the bill contains many other significant provisions for counties and other local governmental entities, including the following:

- Allow inmates to access Medicaid 30 days prior to their release
- Increase Medicaid Federal Medical Assistance Percentage (FMAP) by 14 percent from July 1, 2020 through June 2021
- Place a moratorium on Medicaid Fiscal Accountability Regulation (MFAR) until the end of the public health emergency
- Increase (temporarily) payments to hospitals serving a disproportionate share of low-income and uninsured patients
- Waive the 25 percent local match requirement for FEMA funding under the Emergency Disaster Declaration
- Make county employers eligible for CARES Act payroll tax deductions
- Suspend the \$10,000 cap placed on state and local tax (SALT) deductions for FY 2020 and FY 2021
- Provide an additional \$5 billion for the Community Development Block Grant (CDBG) for local communities by the current formula
- Increase SNAP benefits by 15 percent
- Provide \$9.6 billion in emergency funding for the Social Services Block Grant, half of which states must pass through to local governments or community-based organizations
- Authorize an additional \$11.5 billion for Homeless Assistance Grants that enable state and local governments to finance housing and health-related services for people currently experiencing homelessness
- Provide \$50 million to support local farmers, farmers markets and other local food outlets impacted by COVID-19 market disruptions and temporarily waive matching requirements
- Provide \$15 billion for highways and \$15.75 billion for transit

3. 911 Saves Act (H.R. 1629/S. 1015)

The Office of Management and Budget (OMB) currently classifies 9-1-1 dispatchers as clerical workers—the same category as secretaries, office clerks, and taxicab dispatchers. The 911 Saves Act would update this classification to appropriately reflect the important role of 9-1-1 dispatchers in directing emergency response and providing lifesaving emergency medical instruction. Specifically, it would reclassify 9-1-1 call-takers and dispatchers from “Office and Administrative Support Occupations” to “Protective Service Occupations” in the OMB Standard Occupational Classification (SOC) catalog.

4. Paycheck Protection Program Flexibility Act (H.R. 7010)

The House overwhelmingly passed legislation on May 28th that would relax restrictions for borrowers under the SBA’s \$670 billion loan program known as the Paycheck Protection Program, which allows the loans to be forgiven if the borrower meets certain conditions. The forgiveness element was a key incentive Congress created for small businesses to take on the debt and keep paying workers. In the weeks since the program's launch, many employers have complained that restrictions imposed on the loan proceeds threatened their ability to secure loan forgiveness, since many are more burdened by overhead costs than payroll. The legislation would give businesses seeking full loan forgiveness more time to spend the money, 24 weeks instead of eight, and lower the minimum amount that must be spent on payroll to 60 percent instead of 75 percent.

5. Paycheck Security Act (S. 3793)

The Paycheck Security Act would provide businesses experiencing significant financial hardship as a result of the coronavirus pandemic with a refundable tax credit to rehire and pay laid off and furloughed workers up to \$90,000 per year, including health care benefits. It would also provide small and mid-sized businesses with the funds necessary to pay rent, mortgages, utilities and other operating costs until they can safely reopen and sales begin to recover. The Employee Retention Tax Credit established in the CARES Act would be substantially expanded to cover the wages, salaries and health care benefits of laid off or furloughed workers for employers who have experienced at least a 15 percent drop in gross receipts compared to the same quarter in 2019.

Attachment:

- Federal Bill/Issues Track