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MEMORANDUM

TO Legislative Committee

FROM Brent R. Heberlee

DATE December 14, 2020

RE Federal Legislative Update

This memo provides a Federal Legislative Update on the items appearing on the agenda for the December 17, 2020, Legislative Committee meeting.

1. President-elect Biden Transition

President-elect Joe Biden has begun to build out his administration as he and Vice President-elect Kamala Harris prepare to take office in January. The Biden-Harris Transition has identified COVID-19, Economic Recovery, Racial Equity, and Climate Change as its core priorities for the incoming administration. Beginning with his announcements of senior White House staff and his picks to lead the State Department, Homeland Security Department and other national security posts, the Biden transition team has been rapidly vetting and rolling out nominees for a range of Cabinet jobs in recent days and weeks, including the following individuals:

Cabinet

Homeland Security Secretary: Alejandro Mayorkas
Treasury Secretary: Janet Yellin
HHS Secretary: Xavier Becerra
Defense Secretary: Gen. Lloyd Austin
Secretary of State: Tony Blinkin
Agriculture Secretary: Tom Vilsack
HUD Secretary: Rep. Marcia Fudge

White House Staff

Chief of Staff: Ron Klain
Special Presidential Envoy for Climate: Fmr. Secretary John Kerry
Director of OMB: Neera Tanden
Director of Intergovernmental Affairs: Julie Rodriguez

2. FY2021 Appropriations

The Senate passed a one-week continuing resolution last Friday, forestalling the threat of a government shutdown and giving Congress additional time to complete negotiations on a \$1.4 trillion omnibus spending package that would boost federal agency budgets for the rest of the fiscal year. Most of the spending and policy differences between House and Senate negotiators have been resolved, although familiar issues related to border wall funding and immigration policy continue to be discussed and threaten to derail the 12-bill omnibus package. If a deal is reached, the appropriations package would likely serve as a vehicle for other legislative priorities, such as COVID relief, tax extenders, surprise medical billing, and energy measures.

3. COVID-19 Relief Legislation

A bipartisan group of senators is expected to introduce legislative text this week for a \$908 billion coronavirus relief bill. The deal would split the bill into two pieces. The first part would provide \$748 billion for less controversial items like support for education, health care, small businesses, unemployment assistance, broadband, nutrition, and child care; the other would marry \$160 billion in money for state and local governments with a temporary liability shield for businesses. The second part of the deal has been the toughest part of the negotiation, with Senate Majority Leader McConnell recently expressing a willingness to set aside his top priority of business liability relief in exchange for the elimination of state and local government aid. This idea was quickly rejected by Speaker Pelosi. This new construct of splitting the bill could make it more likely that a relief package can be finalized before Congress wraps up its business for the year, but it also lessens the likelihood that state and local aid will be included in the final product.

4. Legislative

Marijuana Opportunity Reinvestment and Expungement (MORE) Act (H.R. 3884): mostly along party lines, the House last week approved a bill to legalize cannabis at the federal level. Under the MORE Act, cannabis would become federally de-scheduled and those with prior convictions would have their records expunged. This would effectively end many of the obstacles created by the federal illegality of cannabis such as the lack of access to banking, tax consequences, adverse immigration impacts and threats of federal criminal enforcement. The bill would also authorize a 5 percent tax on marijuana that would fund

community and small business grant programs to help those most impacted by the criminalization of marijuana. Rep. Panetta voted for the MORE Act. The legislation is not expected to be acted upon by the Senate before the end of this Congress.

Hospitality and Commerce Job Recovery Act (H.R. 8802): Rep. Panetta is an original cosponsor of legislation that will provide comprehensive relief for the convention, entertainment, hospitality, and travel industries and their workers by creating new recovery incentives and enhancing the employee retention tax credit until regular travel and tourism safely resumes. Specifically, the legislation will:

- Support the convention and trade show industries by establishing a tax credit for the cost of attending or hosting a convention, business meeting, or trade show in the United States between January 1, 2021 and December 31, 2023.
- Make improvements to the Employee Retention Tax Credit.
- Restore the Entertainment Business Expense Deduction by repealing the changes made by the 2017 Tax Cuts and Jobs Act.
- Support the restaurant industry by establishing a tax credit for restaurants or food service businesses, covering any cost associated with reopening or increasing service at an establishment forced to close down or reduce operations due to the COVID-19 pandemic—including any renovation, remediation, testing, or labor cost needed to prevent the spread of COVID-19. Credit would be effective between the date of enactment and December 31, 2022.
- Provide a modest tax credit for qualified travel expenses for many Americans.

Attachment:

- Federal Bill/Issues Track
- DRAFT Support Letter: Hospitality and Commerce Job Recovery Act (H.R. 8802)