

June 12, 2020

Washington Update

This Week In Congress

Senate – The Senate began consideration of [H.R. 1957](#), which is the legislative vehicle for the Great American Outdoors Act ([S. 3422](#)). The Senate confirmed the nomination of General Charles Brown to be Chief of Staff of the Air Force.

House – The House met in pro forma session.

Next Week In Congress

Senate – The Senate is expected to consideration of the Great American Outdoors Act. The Senate may continue its consideration of pending nominations.

House – The House will be in recess but will meet in pro forma session.

TAX

Treasury and the IRS Invite Recommendations on the 2020-2021 Priority Guidance Plan

Key Point:

- *The IRS and Department of Treasury have invited the public to submit comments for the Priority Guidance Plan by July 22, 2020.*

The Department of the Treasury and Internal Revenue Service (IRS) have [invited](#) the public to submit recommendations for items to be included on the 2020-2021 Priority Guidance Plan. The Treasury Department's Office of Tax Policy and the Service use the Priority Guidance Plan each year to identify and prioritize the tax issues that should be addressed through regulations, revenue rulings, revenue procedures, notices, and other published administrative guidance. The 2020-2021 Priority Guidance Plan will identify guidance projects that the Treasury Department and the Service intend to actively work on as priorities during the period from July 1, 2020, through June 30,

2021. According to the the IRS “[t]he Treasury Department and the Service recognize the importance of public input in formulating a Priority Guidance Plan that focuses resources on guidance items that are most important to taxpayers and tax administration.”

The IRS asks taxpayers to submit recommendations for guidance by Wednesday July 22 2020 for possible inclusion in the Payment Guidance Plan.

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Senator Cornyn Seeks Support for PPP Expense Deductibility Bill

Key Points:

- *Senator Cornyn seeks support for the Small Business Expense Protection Act of 2020 to allow for the deductibility of PPP related expenses.*
- *House Democrats have also included a similar provision in the HEROES Act.*

Senator Cornyn (R-TX) expects the Small Business Expense Protection Act of 2020 ([S.3612](#)) to receive a vote by unanimous consent in the coming days. The bill has received a number of notable cosponsors including Senate Finance Committee Chairman Grassley (R-IA) and Senate Finance Ranking Member Wyden (D-OR). The bill is designed to allow businesses to deduct expenses incurred while using Paycheck Protection Program (PPP) funds. The lawmakers argue that Congress intended the expenses to be deductible despite the IRS' release of [Notice 2020-32](#), 2020-21 IRB 837, which takes the opposite stance. Treasury Secretary Steven Mnuchin stood behind the agency's notice and said allowing businesses to deduct expenses associated with their PPP loans would give them the opportunity to double-dip.

While the bill has garnered key support in the Senate, members of the House remain wary of the bill. House Ways and Means Committee Ranking Member Brady (R-TX) told reporters the bill is a discussion worth having; but he does not believe lawmakers intended to allow double dipping. House Democrats have also included a provision in the Health and Economic Recovery Omnibus Emergency Solutions Act ([HEROES Act](#)) to allow for the deductibility of PPP-related expenses.

Lawmakers Introduce Bill to Boost Domestic Semiconductor Production That Includes Tax Incentives

Key Point:

- *Lawmakers introduce a bipartisan, bicameral piece of legislation, the CHIPS for America Act, designed to increase domestic semiconductor production.*

Senators Cornyn (R-TX), Rubio (R-FL), Warner (D-VA), Risch (R-ID), and Sinema (D-AZ) have introduced the Creating Helpful Incentives to Produce Semiconductors for America Act ([CHIPS for America Act, S.3933](#)). The bill would:

- Create a 40-percent refundable ITC for qualified semiconductor equipment (placed in service) or any qualified semiconductor manufacturing facility investment expenditures through 2024. The ITC is reduced to 30 percent in 2025, 20 percent in 2026, and phases out in 2027.
- Create a new NIST Semiconductor Program to support advanced manufacturing in America.
- Establish a trust fund in the amount of \$750M over ten years to be allocated to a consortium in order to promote consistency, alignment and transparency in policies related to microelectronics.
- Create new R&D streams to ensure U.S. leadership in semiconductor technology and innovation is critical to American economic growth and national security:
 - \$2 billion to implement the Electronics Resurgence Initiative of the Defense Advanced Research Projects Agency;
 - \$3 billion to implement semiconductor basic research programs at the National Science Foundation;

- \$2 billion to implement semiconductor basic research programs at the Department of Energy;
- \$5 billion to establish an Advanced Packaging National Manufacturing Institute under the Department of Commerce, and for other purposes.

A companion measure was introduced in the House, led by Reps. Matsui (D-CA), McCaul (R-TX), both bills are expected to garner bipartisan support. This is part of the efforts to move supply chains for key sectors back to the U.S. and ensure those manufacturing domestically remain onshore.

Upcoming Hearings and Events

June 18

COVID-19 Tax Relief: The House Ways and Means, Select Revenue Measures Subcommittee will hold a [hearing](#) on “Tax Relief to Support Workers and Families during the COVID-19 Recession.” The hearing will take place remotely on Thursday, June 18, 2020 at 12:00 pm.

For more information about tax issues you may [email](#) or call Christopher Hatcher at 202-659-8201. Josh Hansma contributed to this section.

FINANCIAL SERVICES

Federal Reserve Announces Changes to the Main Street Lending Program

Key Point:

- *The Federal Reserve lowered the minimum loan size, increased the loan term, and extended the repayment period.*

On June 8, the Federal Reserve Board issued a [press release](#) announcing that it was expanding its Main Street Lending Program facilities to allow more small and medium-sized businesses to be able to receive support. The changes announced include:

- Lowering the minimum loan size for certain loans from \$500,000 to \$250,000;
- Increasing the maximum loan size for all facilities;
- Increasing the term of each loan option from four years to five years;
- Extending the repayment period for all loans by delaying principal payments for two years, rather than one; and
- Raising the Reserve Bank’s participation to 95% for all loans.

The press release quoted Federal Reserve Chairman Jerome Powell as stating:

Supporting small and mid-sized businesses so they are ready to reopen and rehire workers will help foster a broad-based economic recovery. I am confident the changes we are making will improve the ability of the Main Street Lending Program to support employment during this difficult period.

The Main Street Lending Program facilities are not yet operational, but are expected to be soon.

Senate Small Business Committee Holds Hearing on CARES Act Implementation

Key Points:

- *Members of both parties praised the success of the PPP in preserving American jobs and businesses.*
- *Senators Cardin, Shabean, and Coons expressed support for legislation to allow small businesses which have expended their PPP loans to obtain an additional round. Secretary*

Mnuchin said he would carefully examine this proposal.

On June 10, the Senate Small Business Committee held a [hearing](#) entitled “Implementation of Title I of the CARES Act.” The Committee received testimony from Treasury Secretary Steven Mnuchin and Small Business Administration (SBA) Administrator Jovita Carranza. Members of both parties praised the bipartisan work to create the Paycheck Protection Program (PPP) and argued that the PPP has helped to preserve many jobs and small businesses in the U.S.

Ranking Member Ben Cardin (D-MD) and Senators Jeanne Shaheen (D-NH) and Chris Coons (D-DE) noted that they are working on legislation which would allow small businesses (100 employees or less) to obtain additional PPP loans if they have already responsibly completed one. Secretary Mnuchin said he would “very seriously” look that proposal, stating restaurants and hotels in particular need more help. Chairman Marco Rubio (R-FL) and Senators John Kennedy (R-LA), Mitt Romney (R-UT), Joni Ernst (R-IA), and Susan Collins (R-ME) stated that lenders and borrowers are concerned with the lack of clarity around PPP loan forgiveness. Mnuchin said Treasury and the SBA are working to make the loan forgiveness process easier. He stated that 98 percent of PPP loans were under \$2 million and most likely legitimate, so the regulators provided a safe harbor for those loans. He stated that they will be releasing new forms for people using the safe harbor. He stated that they will be reviewing the larger loans, partly through automated processes.

Senator Kennedy asked what Mnuchin would want to see included in a potential future coronavirus response bill. Mnuchin said they should spend the next 30 days looking at many different ideas. He stated that the bill would

need to include money to encourage businesses to rehire, particularly in the most greatly impacted industries, such as travel, leisure, and restaurants. He stated that unemployment benefits will need to be addressed. He said negotiators will have to assess whether to provide more direct payments to stimulate the economy. Kennedy asked if Congress could incent investors to invest in the economy by relaxing the treatment of capital gains. Mnuchin said the administration has discussed this proposal. He said Federal Reserve facilities have unlocked the capital markets, stating that he is focused on getting people back to work. Kennedy said the Federal Reserve has unlocked the credit markets, but at great expense.

Ranking Member Ben Cardin (D-MD) and Senators Jeanne Shaheen (D-NH), Jacky Rosen (D-NV) and Josh Hawley (R-MO) criticized the SBA’s implementation of the Economic Injury Disaster Loan (EIDL) program under the CARES Act. Cardin and Rosen expressed opposition to the \$150,000 EIDL loan cap implemented by the SBA, noting that the CARES Act authorized loans up to \$2 million. Shaheen and Hawley raised concerns with the slow pace and lack of transparency in the approval process.

Senate Banking Committee Holds Hearing on Housing Regulators

Key Points:

- *The hearing focused on measures taken by the FHFA and HUD in response to the coronavirus pandemic, including eviction/foreclosure moratoriums, mortgage forbearance, and actions to aid mortgage servicers.*
- *Ranking Member Brown criticized HUD for rolling back Fair Housing Act protections.*

On June 9, the Senate Banking Committee held a [hearing](#) entitled “Oversight of Housing

Regulators.” The Committee received testimony from Secretary of Housing and Urban Development Ben Carson and Federal Housing Finance Agency (FHFA) Director Mark Calabria.

Chairman Mike Crapo (R-ID) said in March, FHFA and the Department of Housing and Urban Development (HUD) took action to prohibit evictions and foreclosures for renters and borrowers facing economic hardship, noting that these protections were extended and codified in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. He noted that HUD and FHFA have taken other actions to aid borrowers and mortgage servicers during the pandemic, including extending eviction moratoriums until the end of June. He noted that Calabria has clarified that borrowers in forbearance with a Fannie Mae or Freddie Mac-backed loan will not owe a lump sum when the forbearance period ends. He said FHFA has also announced new deferred payment options and implemented the Partial Claim program. Crapo stated that HUD and FHFA have acted quickly to address the stress placed on mortgage servicers. He stated that HUD has expanded issuer assistance to include the pass-through assistance program (PTAP) and FHFA announced that no servicer will be required to advance more than 4 months of missed principal and interest (P&I) payments on a loan. He urged HUD and FHFA to tailor their regulations to support economic recovery. He commended the regulatory reforms pushed by Secretary Carson. Crapo said FHFA recently took an important step in proposing a thoughtful regulatory framework for Fannie Mae and Freddie Mac. He stressed the need to finally take action to address the government-sponsored enterprises (GSEs).

Ranking Member Sherrod Brown (D-OH) stressed the need to address systemic racism and provide economic justice. He emphasized the need for strong enforcement of the Fair

Housing Act. He asserted that the housing market cannot be left to its own devices, given the long history of discrimination. He criticized HUD for dismantling civil rights protections and failing to address housing discrimination. He expressed opposition to efforts to move away from the Supreme Court-affirmed practice of disparate impact. He said Democrats have pushed a \$100 billion emergency rental assistance bill, which has already passed the House.

Senator Brian Schatz (D-HI) asked if Calabria is considering extending the foreclosure moratorium which expires at the end of June and when a decision will be announced. Calabria said he is considering it and expects to announce a decision within a week. He said if there is an extension it would be one month at a minimum but no more than two months, noting that it could be extended again. He stated that this would provide certainty while allowing flexibility. Schatz asked if FHFA has discretion to extend the eviction moratorium. Calabria said they could extend the foreclosure moratorium for loans under their purview.

Senator Tom Cotton (R-AR) said he has long held concerns with mortgage servicing assets. He stated that mortgage servicing has moved from banks to independent mortgage servicers. He expressed concern with the impact of forbearance requirements on mortgage servicers. He asked about the upper limit of mortgage servicer capacity. Calabria noted that the FHFA receives quarterly financials from the 346 non-bank servicers that Fannie Mae and Freddie Mac do business with. He said they have weekly or daily contact with the largest servicers. He stressed that they engage in data-driven analysis and oversight of servicers. He noted that the list of high-risk servicers has shrunk since March, stating the FHFA has encouraged certain servicers to raise liquidity and they have done so. He stated that for Fannie Mae and

Freddie Mac loans forbearance rates would have to rise to 30 percent before there would be stress across the servicing industry.

Senator Chris Van Hollen (D-MD) said FHFA recently issued a re-proposal of GSE capital rules. He noted that Moody's economist Mark Zandi estimated that the change would raise interest rates on low-income borrowers and could raise mortgage payments on a \$200,000 mortgage by \$58/month. He asked if the proposal will raise interest rates and if the costs will be borne by low-income households. Calabria disagreed with Zandi's analysis, noting that Zandi is on the board of a mortgage insurer which has economic interests in the rule not going forward. He disputed Wall Street arguments that raising capital will destroy lending. He stated that many commercial banks in the jumbo market hold twice the capital in the proposed rule and do so at costs equal to or less than what the GSEs are charging.

Regulators Extend Regulatory Relief in Response to COVID-19

Key Points:

- *The FHFA extended flexibility provided to loan originators through at least July 31.*
- *The CFTC extended seven staff no-action letters through September 30.*

On June 11, the FHFA [announced](#) it was extending through at least July 31 several loan origination flexibilities offered by Fannie Mae and Freddie Mac in response to COVID-19. The flexibilities extended include:

- Alternative appraisals on purchase and rate term refinance loans;
- Alternative methods for verifying employment before loan closing;
- Expanding the use of power of attorney and remote online notarizations to assist with loan closings; and

- Authority to purchase mortgages in forbearance.

On June 10, the Commodity Futures Trading Commission (CFTC) issued a [press release](#) announcing it was extending through September 30 seven staff letters providing no-action relief. The press release asserts "This time-limited extension recognizes the reality that work-from-home arrangements are likely going to be commonplace for the foreseeable future." The CFTC extended the following staff letters:

- [CFTC Letter No. 20-02](#) - Temporary Relief for Members of Designated Contract Markets and Swap Execution Facilities
- [CFTC Letter No. 20-03](#) - Temporary Relief for Futures Commission Merchants and Introducing Brokers
- [CFTC Letter No. 20-04](#) - Temporary Relief for Floor Brokers
- [CFTC Letter No. 20-05](#) - Temporary Relief for Retail Foreign Exchange Dealers
- [CFTC Letter No. 20-06](#) - Temporary Relief for Swap Dealers
- [CFTC Letter No. 20-07](#) - Temporary Relief for Swap Execution Facilities
- [CFTC Letter No. 20-09](#) - Temporary Relief for Designated Contract Markets

Upcoming Meetings and Events

June 16

Municipal Securities Disclosures: The Securities and Exchange Commission will hold a conference via live [webcast](#) entitled, "Spotlight on Transparency: A Discussion of Secondary Market Municipal Securities Disclosure Practices." The conference will include discussion of topics including "voluntary disclosure practices of municipal issuers; buy-side perspectives of the state of secondary

market disclosure; and emerging issues and trends in the municipal securities market and their potential impact on secondary market disclosure practices.”

Cybersecurity: The House Financial Services Committee’s Subcommittee on National Security, International Development and Monetary Policy will hold a hearing entitled, “Cybercriminals and Fraudsters: How Bad Actors Are Exploiting the Financial System During the COVID-19 Pandemic.”

Federal Reserve: The Senate Banking Committee will hold a hearing on “The Semiannual Monetary Report to the Congress.” Federal Reserve Chairman Jerome Powell is scheduled to testify at the hearing.

June 17

Federal Reserve: The House Financial Services Committee will hold a hearing on “Monetary Policy and the State of the Economy.” Federal Reserve Chairman Jerome Powell is expected to testify at the hearing.

June 18

Small Business Forum: The SEC’s Office of the Advocate for Small Business Capital Formation will host the 39th annual Government-Business Forum on Small Business Capital Formation.

June 25

Capital Markets: The House Financial Services Committee’s Subcommittee on Investor Protection, Entrepreneurship and Capital Markets will convene for a hearing entitled, “Capital Markets and Emergency Lending in the COVID-19 Era.”

June 26

Insurance: The House Financial Services Committee’s Subcommittee on Housing, Community Development and Insurance will convene for a hearing entitled, “Insuring Against a Pandemic: Challenges and Solutions for Policyholders and Insurers.”

July 9

Emerging Markets: The SEC will hold a staff roundtable on the risks of investing in emerging markets, including China.

For more information about financial services issues you may email [Joel Oswald](mailto:Joel.Oswald@williamsandjensen.com) or [Alex Barcham](mailto:Alex.Barcham@williamsandjensen.com).

ENERGY & ENVIRONMENT

Senate Debates Funding for National Parks and Public Lands

Key Points:

- *The Senate spent this past week considering legislation that would establish a dedicated funding source for National Parks and other federal lands.*
- *The Senate will take final votes on the “Great Outdoors Act” next week, including expected passage of the bipartisan bill.*

This week, the Senate debated the “Great Outdoors Act” (S. 1957), legislation sponsored by Senator Cory Gardner (R-CO) to permanently finance the Land and Water Conservation Fund.

The legislation would direct 50 percent of “all energy development revenues [from] oil, gas, coal or alternative or renewable energy development on Federal land and water” to address “priority deferred maintenance” needs of federally-owned and managed lands. The funding would be allocated to:

- The National Park System (70%);
- The National Forest System (15%);
- The National Wildlife Refuge System (5%);
- Bureau of Land Management lands (5%); and
- Bureau of Indian Education schools (5%).

The bill also:

- Prohibits the use of funds for federal land acquisition;
- Directs the Secretaries of Agriculture and Interior to identify and submit an initial list of priority “projects to be funded for Fiscal Year 2021”; and
- Directs the President to submit annual lists of priority projects to be funded as part of the administration’s budget proposal.

The Senate is scheduled to take three votes related to the legislation on Monday, June 15:

- A motion by Senator Gardner to waive a budget point of order against the bill;
- The substitute amendment to the bill ([SA 1917](#)); and
- A cloture motion to limit the time available for further debate on the underlying bill.

FERC Issues Rule on Landowner Appeals of Pipelines

Key Point:

- *On Tuesday, the Federal Energy Regulatory Commission revised its regulations to prohibit pipeline construction activities during the 30-day period when parties may file a request for rehearing of an order authorizing a pipeline project.*

On June 9, the Federal Energy Regulatory Commission (FERC) issued a [final rule](#) titled

“Limiting Authorizations to Proceed with Construction Activities Pending Rehearing”, which revises the Commission’s “regulations to preclude the issuance of authorizations to proceed with construction activities with respect to a Natural Gas Act (NGA) section 3 authorization or section 7(c) certificate order until the Commission acts on the merits of any timely-filed request for rehearing or the time for filing such a request has passed.”

The rule will take effect 30 days following publication in the *Federal Register*, but the [press release](#) on the new rule states that “to further underscore the Commission’s efforts to enhance landowner participation in these matters, FERC will not authorize construction to proceed pending rehearing before that time.”

FERC Chairman Neil Chatterjee declared that he remains “firmly committed to doing what we can to make the FERC process as fair, open, and transparent as possible for all those affected while the Commission thoroughly considers all issues.”

Commissioner Richard Glick issued a [concurrency in part and dissent in part](#), arguing that the final rule “does nothing to address the concern...that a pipeline developer should not be able to begin the process of condemning private land before the owners of that land can go to court to challenge the certificate.”

Committee Advances DOE Nomination

Key Point:

- *On Tuesday, the Senate Energy and Natural Resources Committee voted to advance the nomination of Under Secretary of Energy Mark Menzies to be Deputy Secretary of Energy.*

On June 9, the Senate Energy and Natural Resources Committee held a [business](#)

[meeting](#) and voted to favorably report the nomination of Mark Menezes to be Deputy Secretary of Energy. Chairman Lisa Murkowski (R-AK) stated the Committee recognizes the qualifications of Menezes and noted that he is well-known and previously confirmed by voice vote for his current role as Under Secretary of Energy. Ranking Member Joe Manchin (D-WV) stated that Menezes has demonstrated that he is capable of carrying out the job of Deputy Secretary after two years of holding the position of Under Secretary. He expressed support for the nomination and urged the Committee to vote for Menezes.

The Committee, by voice vote, ordered that the nomination be reported favorably to the full Senate. Senator Catherine Cortez Masto (D-NV) requested to be recorded as voting “no” and placed a statement in the record.

Murkowski adjourned the business meeting and the Committee proceeded to the hearing entitled “Wildfire Management in the Midst of COVID-19.”

Upcoming Hearings and Events

June 16

Impacts of Pandemic on Energy Sector: The House Energy and Commerce Committee’s Energy Subcommittee will hold a [hearing](#) entitled “Reviving our Economy: COVID-19’s Impact on the Energy Sector”.

Impacts of COVID-19 on the Energy Industry: The Senate Committee on Energy and Natural Resources will hold a [hearing](#) on “The Impacts of COVID-19 on the Energy Industry”.

June 17

Recycling: The Senate Committee on Environment and Public Works will hold a [hearing](#) entitled “Responding to the Challenges Facing Recycling in the United States”.

June 18

FERC Open Meeting: The Federal Energy Regulatory Commission (FERC) is scheduled to hold its monthly [open meeting](#). The [agenda](#) includes:

- “Electricity Market Transparency Provisions of Section 220 of the Federal Power Act”;
- “Revisions to Electric Quarterly Report Filing Process”;
- “Potential Enhancements to the Critical Infrastructure Protection Reliability Standards”; and
- “Five-Year Review of the Oil Pipeline Index”.

June 25

Reliability: The Federal Energy Regulatory Commission (FERC) will hold a [technical conference](#) on “Reliability of the Bulk Power System”. The conference “will focus on reliability-related issues for the bulk power system, including: (1) the changing resource mix; (2) inverter-based resources and inverter-connected distributed energy resources; and (3) cybersecurity.”

July 8-9

COVID-19 Impacts on the Energy Sector: The Federal Energy Regulatory Commission (FERC) will hold a [technical conference](#) on “Impacts of COVID-19 on the Energy Industry”. The technical conference is intended to “to consider the ongoing, serious impacts that the emergency conditions caused by COVID-19 are having on various segments of the United States’ energy industry.” As detailed in a

[supplemental notice](#), the agenda includes four panels, with the following discussion topics:

- “System Operations and Planning Challenges”, “which will explore the impacts of COVID-19 on transmission planning activities resulting from electricity demand changes”.
- “Electricity Demand and Transmission Planning”, which will discuss “how public utility transmission providers intend to manage increased uncertainty” and whether “transmission planning regulations provide sufficient flexibility for utilities”.
- “Natural Gas and Oil Demand”, which “will discuss impacts on supply and demand patterns and national and regional pipeline flows” and consider including “the economic impact of the COVID-19 emergency and its implications for LNG exports in the short-, mid- and long-term”.
- “Access to Capital - Credit, Liquidity, and Return on Equity”, which will “examine how risk factors created by the COVID-19 emergency could affect the ability of electric utilities and natural gas and oil pipelines to access sufficient capital” and “whether certain risks associated with the COVID-19 emergency may have impacts on return on equity (ROE) issues.”

For more information about energy and environment issues you may [email](#) or call Frank Vlossak at 202-659-8201. Updates on energy and environment issues are also available on [twitter](#).

HEALTH

HHS Announce CARES Act Funding for Medicaid Providers

Key Points:

- *On Tuesday, the Department of Health and Human Services announced funding available for Medicaid providers who have not received any other distributions from the Provider Relief Fund.*
- *Providers must complete applications by July 20, 2020 and all eligible providers will receive a payment equal to at least two percent of gross patient revenues.*

On June 9, the Department of Health and Human Services (HHS) announced it will begin distributing approximately \$15 billion in funding from Provider Relief Fund provided in the CARES Act and supplemental legislation targeted to Medicaid and CHIP providers. HHS notes its initial General Distribution based on Medicare revenues provided relief for approximately 62 percent of providers participating in Medicaid and CHIP programs. This additional \$15 billion is intended to reach the remaining 38 percent of providers.

Providers participating in Medicaid and CHIP programs and/or Medicaid and CHIP managed care organizations (MCOs) who have not received funds through the General Distribution may submit their annual patient revenues to the [Provider Relief Fund Portal](#) Upon receipt of funds, providers will need to complete the attestation acknowledging receipt and agreeing to the [terms and conditions](#).

Providers who submit their revenues will receive a distribution equal to at least 2 percent of reported gross revenues for patient care. To be eligible, providers must not have received payments from the initial \$50 billion General Distribution and billed state Medicaid/CHIP programs or Medicaid MCOs for health care services between January 1, 2018 and May 31, 2020. HHS estimates approximately one million providers may be eligible for this distribution. In

the announcement, HHS notes behavioral health providers as possibly eligible for this funding.

Applications are due July 20, 2020 and HHS has posted [guidance](#) for the application. Applications cannot be amended once they are submitted to the portal. HHS will not be disbursing funds until all the data is submitted.

Additionally, HHS announced it will be distributing \$10 billion to safety net hospitals that serve a disproportionate number of Medicaid patients or provide large amounts of uncompensated care. Recipients will receive a minimum of \$5 million and a maximum distribution of \$50 million.

Upcoming Hearings and Meetings

June 17

COVID-19: The Senate Health, Education, Labor and Pensions Committee will hold a hearing on “Telehealth: Lessons from the COVID-19 Pandemic.”

For more information about healthcare issues you may [email](#) or call Nicole Ruzinski Bertsch or George Olsen at 202-659-8201.

TRADE

Trump Administration Has Yet to Impose Restrictions on Hong Kong

Key Points:

- *Trump Administration has not yet revoked Hong Kong’s special trade status despite President Trump’s announcement he would do so.*
- *The Administration could preserve Hong Kong’s special trade status if China changes its stance on the national security law.*

On May 29, President Trump announced the U.S. would revoke Hong Kong’s special trade status but has yet to do so. The Administration has multiple courses of action to consider, including imposing Section 301 tariffs and export controls on Hong Kong, requiring individuals from Hong Kong to obtain a visa to travel to the U.S., sanctioning banks which do business in Hong Kong, and focusing sanctions on individuals who enforce the new national security law. Each option would require an interagency implementation process to be launched by the appropriate branch of the U.S. government. The Office of the U.S. Trade Representative (USTR) would implement policies on tariffs, the Bureau of Industry and Security would implement export controls, and the State Department would issue visa requirements.

There is still a seeming possibility the Administration would preserve Hong Kong’s special trade status for the time being if China changes its stance on the national security law, but observers suggest China anticipated such response from the U.S. so the chances of China reversing its stance seem low.

President Trump Threatens E.U. Auto Tariffs over Lobster Tariffs

Key Points:

- *President Trump threatened to impose tariffs on auto imports from the European Union (E.U.) unless it drops tariffs on U.S. lobsters.*

Last Friday, while in Maine, President Trump threatened to impose tariffs on auto imports from the European Union (E.U.) unless it drops its tariffs on U.S. lobsters. In November, the E.U. rejected a U.S. proposal for a mini-trade deal covering lobsters and chemicals. The E.U. currently imposes an 8 percent tariff on live Maine lobster and tariffs between 16 percent and 20 percent on processed lobster. The E.U.

and Canada have a free trade agreement allowing Canada to export lobsters to the E.U. duty-free. This puts U.S. industry Canada has a free trade agreement with the E.U. which allows it to export lobsters to the E.U. without paying any duties, putting the U.S. industry at a disadvantage.

U.S. International Trade Commission Submits Preliminary Report on MTB to Congress, Will Reopen Comment Portal

Key Points:

- *The U.S. International Trade Commission (ITC) submitted a preliminary report to congressional committees on petitions for temporary duty suspensions. The report will be used to inform a miscellaneous tariff bill (MTB).*
- *The MTB Petition System portal will re-open on Friday, June 12, for 10 days for limited comments.*

On Tuesday, the U.S. International Trade Commission (ITC) submitted a [preliminary report](#) to congressional committees on petitions for temporary duty suspensions. The report will inform a miscellaneous tariff bill (MTB), which is used to temporarily reduce or suspend duties on certain U.S. imports. The report was submitted to the House Ways & Means and Senate Finance Committees, which will use the final ITC report to develop the MTB. The final report is due on August 9.

The MTB Petition System portal [will re-open](#) on Friday, June 12, for 10 days for limited comments on petitions the ITC recommended not be included in the MTB bill. The current MTB is set to expire on December 31.

Upcoming Hearings and Meetings

June 17

2020 Trade Policy Agenda: The House Ways and Means Committee will hold a hearing on “The 2020 Trade Policy Agenda” at 10:00 am with U.S. Trade Representative Robert Lighthizer.

2020 Trade Policy Agenda: The Senate Finance Committee will hold a hearing on “The President’s 2020 Trade Policy Agenda” at 3:00 pm with U.S. Trade Representative Robert Lighthizer.

For more information about trade issues you may [email](#) or call Christopher Hatcher at 202-659-8201. Ryan Sigmon contributed to this section.

This Week in Congress was written by Josh Hansma..