

**March 26, 2020**

## **Senate Passes the Phase III COVID-19 Relief Bill, On to the House on Friday**

### **\$2 TRILLION IN BIPARTISAN DEAL PASSES SENATE**

The \$2.2 trillion Phase 3 Stimulus bill finally passed the Senate. The 880-page measure is the largest economic relief bill in U.S. history, Here is the Senate Leaders link for detailed information on the CARES Act.

The drive by leaders to speed the bill through the Senate was slowed as four conservative Republican senators from states whose economies are dominated by low-wage jobs demanded changes, saying the legislation as written might give workers like store clerks incentives to stay on unemployment instead of returning to their jobs since they may earn more money if they're laid off than if they're working. They settled for a failed vote to modify the provision.

#### Senate Vote:

1. Sasse Amendment Failed: 48 Yeas – 48 Nays.
2. Final Passage H.R. 748 The CARES Act: 96 Yeas – 0 Nays.  
4 Senators not voting: Romney, Paul, Lee, and Thune

Senate Majority Leader McConnell announced that the Senate will not be back in session until April 20<sup>th</sup> aside from regular pro forma sessions. If the Senate needs to meet before the 20<sup>th</sup>, there will be a 24 hour notice.

Senator Thune, the Senate Majority Whip, was not feeling well. After consulting with the attending physician, he flew

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home to South Dakota and therefore missed the vote this evening.

House Majority Leader Hoyer sent out a notice that the House will convene at 9:00 a.m. on Friday to consider the CARES Act. They are anticipating a voice vote.

Next Steps: Congress is expected to convene after Easter to consider a Coronavirus Phase IV bill. Senate Appropriations Chairman Richard Shelby (R-Ala.) said several times he wants a major infrastructure package. And a fourth bill could tie up loose ends if any lawmakers are unhappy with the details of the “phase three” package, Sen. Roy Blunt (R-Mo.) said on the floor yesterday.

“I’d say the minute we’re done with phase three, we’ll start talking about phase four because all of us know that phase three can’t have included everything that needs to be included,” Blunt said.

Negotiators should keep in mind that they’ll have another major piece of legislation that could include their ideas, and that this “moment is more important than everybody winning everything they’d like to win,” Blunt added.

White House Legislative Director Eric Ueland agreed on Saturday that another piece of legislation will likely be needed, and said negotiators would decide its content after they “see what is helping, what’s working, what needs to be facilitated and expanded, what needs to be redirected.”

Friends, as you read the bill please know our Coronavirus Response team at Michael Best is standing by to assist you with this and previous relief provided. We will be putting together a product outlining all new financial options being offered by the government to assist you through this crisis. Let us know if you need assistance.

On behalf of the team,

Denise Bode

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## Overview

- The CARES Act contains provisions that could directly provide a minimum of \$2.742 trillion in near-term liquidity. The bill would also provide significant corporate tax relief that could be worth

\$100 billion or more, pushing the total amount of liquidity generated by the CARES Act alone to near \$3 trillion.

- The key tax item is a five year net-operating loss (NOL) carryback for tax years 2018, 2019, and 2020. Through a technical fix, the NOL carryback is made available to pass-through businesses as well. The NOL carryback provides a refund from previously paid taxes. Such a refund would be particularly helpful in a year like 2020, when losses could be high.
- Treasury Secretary Steve Mnuchin said the CARES Act would facilitate up to \$4 trillion in financing for U.S. business by leveraged lending from the Federal Reserve, backstopped by Treasury funding, as well as by Treasury loans and loan guarantees. The CARES Act is a big part of the Treasury story, but the CARES Act on its own provides impressive further liquidity from a combination of spending, tax deferral, tax relief, and small business lending.

The fiscal stimulus is MUCH LARGER than the bill introduced by Senate Republicans last week.

The COVID-19 response bill final text now before the U.S. Senate could have a total direct price tag of over \$2 trillion, providing a tidal wave of liquidity to support an economy in crisis. ( note this bill linked is not the final, final version of the bill which will be provided when they get agreement on unemployment benefits)..

The CARES Act is more about financial stabilization than fiscal stimulus, but it would create a torrent of liquidity pouring dollars into the economy through direct payments, tax credits, tax deferrals, loans, and loan guarantees. As Senate Majority Leader Mitch McConnell (R-KY) stated on the Senate floor this morning, “The \$2 [or \$3] trillion package that Congress is expected to pass this week should be thought of as ‘emergency relief’ and not a ‘stimulus’ measure.”

Also with financial stabilization in mind, the CARES Act gives the Treasury Department new authority to support the Federal Reserve’s 13(3) lending program, and it grants apparently unlimited powers for the FDIC to guarantee the debt of insured depository institutions and non-interest bearing transaction accounts. The CARES Act also would suspend the CECL accounting standard, which banks have said would hamper lending during a crisis. All of this points to increased lending, and a safety net for depositors and creditors beneath the institutions doing the lending.

[Click here for more information.](#)

## **Related People**

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