



CITY OF HOUSTON

Office of the Mayor

Interoffice

Correspondence

To: Mayor Sylvester Turner

From: Bill Kelly
Office of Government Relations

Date: April 22nd, 2020

Re: Interim Emergency Package

On Tuesday, Congress and the Administration reached a tentative agreement on the replenishment of the small business rescue program, a separate set of funds to implement a nationwide virus testing program, plus funds for other initiatives totaling \$484 billion.

- The US Senate passed the interim emergency package on Tuesday afternoon, and a House vote is expected on Wednesday.

The legislation follows the path set by the CARES Act by strengthening the Paycheck Protection Program (PPP), expanding small business support beyond PPP by increasing funding for emergency disaster loans and grants, and providing an additional \$100 billion for hospitals, providers, and testing.

- For small businesses: funding the Paycheck Protection Program with \$310 billion in additional funding, with \$30 billion reserved for community-based lenders, small banks and credit unions and \$30 billion for mid-sized banks and credit unions. Expanded small business support beyond PPP by securing \$50 billion for SBA emergency disaster lending, translating into more than \$350 billion in loans, and \$10 billion in SBA emergency disaster grants. Additional protections are included to ensure that our nation's farmers have access to this vital assistance.
- For hospitals, health systems, health care and frontline workers: \$75 billion to provide resources to the frontlines, including Personal Protective Equipment. The Administration has also agreed on key improvements to be made in CARES 2, including significantly lowering the interest rate on advance payments, lengthening the repayment schedule and distributing payments from general revenues not the Hospital Insurance Fund.
- For testing: secured \$25 billion for testing with the Administration agreeing to a national strategic testing policy that will focus on increasing domestic testing capacity including testing supplies.

Despite personal outreach calls, the release of a joint survey by U.S. Conference of Mayors and the National League of Cities with a press call that garnered major coverage, and a lobbying effort that stretched into the weekend, adamant opposition from the Trump Administration and Senate Leadership has resulted in Congress NOT including any emergency fiscal assistance or flexibility statutes in the interim supplemental.

This action comes despite a new proposal designed by Senator Charles Schumer and House Speaker Nancy Pelosi that would have allocated almost \$30 billion among every city in the nation based on the CDBG formula for entitlement cities and based on population for non-entitlement cities.

- Under this provision, the City of Houston could receive \$250,070,889.

The fight for revenue replacement funding and flexibility for cities now moves to the 4th Supplemental, and the timing for action on that bill is unclear.

In announcing the agreement for the emergency interim supplemental, Minority Leader Chuck Schumer said the following in his “Dear Colleague” letter:

“As a part of this agreement, we were able to secure a commitment from Secretary Mnuchin that he will support additional state and local relief in the next COVID-19 legislation, as well as a provision providing the flexibility to use all past and future relief dollars to offset lost revenues.”

Additionally, President Trump tweeted the following regarding the agreement and revenue replacement:

I urge the Senate and House to pass the Paycheck Protection Program and Health Care Enhancement Act with additional funding for PPP, Hospitals, and Testing. After I sign this Bill, we will begin discussions on the next Legislative Initiative with fiscal relief....

....to State/Local Governments for lost revenues from COVID 19, much needed Infrastructure Investments for Bridges, Tunnels, Broadband, Tax Incentives for Restaurants, Entertainment, Sports, and Payroll Tax Cuts to increase Economic Growth.

The Government Relations Team will continue to engage with the Congressional Delegation, all of whom expressed support for the flexibility provision for CARES Act dollars.