
Hughes Hubbard & Reed

CARES Act Developments and Newly Proposed Fiscal Stimulus Legislation as of June 5, 2020

Client Advisories

Hughes Hubbard & Reed LLP • A New York Limited Liability Partnership
One Battery Park Plaza • New York, New York 10004-1482 • +1 (212) 837-6000

Attorney advertising. Readers are advised that prior results do not guarantee a similar outcome. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. For information regarding the selection process of awards, please visit <https://www.hugheshubbard.com/legal-notices-methodologies>.

June 5, 2020 – This week the Federal Reserve expanded the number and type of entities eligible to use its Municipal Liquidity Facility. The facility lends to states, local governments and certain multistate entities to help manage their cash flow. Meanwhile, Congress passed legislation making significant modifications to the Paycheck Protection Program (PPP), which President Trump is expected to sign into law shortly. The legislation gives PPP borrowers significantly more flexibility in how and when they use PPP funds and makes it easier to obtain loan forgiveness.

CARES Act Developments

SBA Sets Aside \$10 Billion in PPP Loans for CDFIs

On May 29, the Small Business Administration announced that it would set aside \$10 billion of Round 2 funding for the Paycheck Protection Program to be lent exclusively by Community Development Financial Institutions (CDFIs). CDFIs work to expand economic opportunity in low-income communities by providing access to financial products and services for local residents and businesses.

- [Press release](#)

OSHA Issues Guidelines to Minimize Workplace Exposure

On May 29, the Occupational Safety and Health Administration (OSHA) issued an alert listing steps employers can take to implement social distancing in the workplace and to help protect workers from exposure to the coronavirus. The recommended safety measures include isolating sick employees, telecommuting, flexible work

hours, staggered shifts and breaks, customer and employee distancing measures, and encouraging employees to identify health and safety concerns.

- [Press release](#)
- [OSHA guidance](#)

USPTO to Accept Electronic Filing of Initial Patent Term Extension Applications

On June 1, the United States Patent and Trademark Office (USPTO) announced that because of the coronavirus pandemic, it would permit the filing of initial patent term extension applications pursuant to 35 U.S.C. 156 via the USPTO patent electronic filing systems (EFS-Web or Patent Center) until further notice.

- [Press release](#)
- [Notice](#)

OSHA Issues Guidelines for Stockroom and Loading Dock Workers

On June 2, the Occupational Safety and Health Administration (OSHA) issued an alert listing safety tips employers can follow to protect stockroom and loading dock workers in the retail industry from exposure to the coronavirus.

- [Press release](#)

USPTO launches COVID-19 Response Resource Center

On June 3, the United States Patent and Trademark Office (USPTO) launched a COVID-19 Response Resource Center to provide a single point of access to USPTO initiatives, programs, and other intellectual property-related information related to the COVID-19 outbreak. The resource center facilitates public access to the USPTO's "Patents 4 Partnerships" IP marketplace platform, the COVID-19 Prioritized Examination Pilot Program for accelerating the evaluation of patent applications directed to COVID-19 related technologies, information on trademark counterfeiting and consumer fraud, and updates on international developments related to the COVID-19 outbreak.

- [Press release](#)
- [Resource Center](#)

Federal Reserve Announces Expansion of Municipal Liquidity Facility

On June 3, the Federal Reserve expanded the number and type of entities eligible to use its Municipal Liquidity Facility (MLF), which will offer up to \$500 billion in lending to states, local governments and certain multistate entities to help manage their cash flow. Under the new terms, all U.S. states will be able to have at least two cities or counties eligible to directly issue notes to the MLF regardless of population. The governor of each state will also be able to designate two issuers in their jurisdiction whose revenues are generally derived from operating government activities (such as public transit, airports, toll facilities, and utilities) to be eligible to directly use the facility.

- [Press release](#)
- [MLF term sheet](#)
- [MLF FAQ](#)

Legislative Proposals

H.R. 7010: Paycheck Protection Program Flexibility Act of 2020

On June 3, the Senate passed a bill that makes significant modifications to the Paycheck Protection Program (PPP). The House of Representatives passed the same bill on May 28, and President Trump is expected to sign the bill into law within days. The bill extends the forgiveness period of the Paycheck Protection Program from eight to 24 weeks (or Dec. 31, 2020, if earlier), reduces the amount that must be spent on payroll from 75 percent to 60 percent, replaces the two-year loan repayment limit with a five-year limit for future borrowers (also available to current borrowers who renegotiate their loan terms), allows payroll deferment, allows deferral of principal and interest payments until the lender receives the forgiveness amount from the SBA, and extends the June 30 rehiring deadline to Dec. 31. It also provides that the forgiveness amount, which under the PPP is reduced in proportion to employee headcount reductions from pre-pandemic levels, will not be reduced for any employee reductions that are attributable to a business not being able to reopen fully due to government restrictions relating to the pandemic.

- [Press release](#)
- [Text of bill](#)

Ongoing Debate Over Proposals to Address Unemployment

This week, senators from both parties promoted competing proposals to address rising unemployment. The leading Republican proposal features a \$450 return-to-work bonus. However, some Democrats favor modifying certain additional unemployment benefits established by the CARES Act by extending them based on state unemployment rates. The CARES Act provides for a Federal Pandemic Unemployment Compensation (FPUC) benefit of an additional \$600 per week, expiring July 31, 2020. It also provides for a Pandemic Emergency Unemployment Compensation (PEUC) benefit of up to 13 weeks of additional unemployment benefits to individuals who previously collected state or federal unemployment compensation but exhausted those benefits.

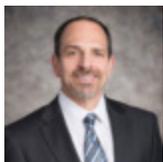
Senator Rob Portman (R-OH) discussed a proposal that would provide a \$450 per week bonus to individuals who returned to work. The bonus would be paid through July 31, 2020, the same date the FPUC expires. The bonus is designed to counteract any disincentive to return to work created by the PPUC benefit.

Senator Ron Wyden (D-OR) proposed to extend the FPUC benefit based on a state's unemployment level. The benefit would be \$600 per week until a state's unemployment rate fell below 11%, then drop by \$100 for every one percentage point drop in the state's unemployment rate. The proposal would also extend the PEUC for a period of weeks linked to a state's level of unemployment.

- [Press release](#)
- [Proposal](#)

[Click here to go to our COVID-19 Resource Center for more advisories, articles and other content related to the coronavirus pandemic.](#)

Related People



Philip A. Giordano



Andrew H. Braiterman



Spencer L. Harrison



Alan Kravitz



Alexandra Poe



Charles A. Samuelson

Related Areas of Focus

Corporate

Tax

Employment & Unfair Competition

Employee Benefits & Executive Compensation