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CARES Act Developments and Newly Proposed Fiscal Stimulus Legislation as of October 2, 2020

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October 2, 2020 – This week the Federal Reserve Board adopted final rules regarding two of its economic stimulus funding facilities and the Treasury Department made CARES Act loans to seven major U.S. airlines. Democrats in the House of Representatives passed a slimmed-down version of the HEROES Act after not reaching agreement with Secretary of the Treasury Steve Mnuchin on the terms of a further economic stimulus package.

Regulatory Developments Relating to the Pandemic

Federal Reserve Board Adopts Final Rules Regarding Liquidity Facilities

On September 29, the Federal Reserve Board adopted without change three interim final rules issued in March, April, and May, 2020 pertaining to the Money Market Mutual Fund Liquidity Facility (MMFLF) and Paycheck Protection Program Liquidity Facility (PPPLF). The Federal Reserve launched the liquidity facilities earlier this year to support the economy in light of the coronavirus response. The final rule neutralizes the regulatory capital and liquidity coverage ratio effects of participating in the MMFLF and PPPLF because there is no credit or market risk in association with exposures pledged to these facilities. The Board stated that as a result, the final rule will support the flow of credit to households and businesses affected by the coronavirus. The effective date of this final rule is 60 days after the date of publication in the Federal Register.

- [Press release](#)
- [Final Rule](#)

Treasury Department Concludes CARES Act Loans to Seven Major Airlines

On September 29, Treasury Department announced that it has made loans to seven large passenger air carriers under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loans were made to Alaska Airlines,

American Airlines, Frontier Airlines, JetBlue Airways, Hawaiian Airlines, SkyWest Airlines, and United Airlines. Under the program, each carrier may draw on up to \$7.5 billion in funds. The CARES Act authorizes the Treasury Department to make loans to provide liquidity to eligible air transportation businesses related to losses incurred as a result of the coronavirus pandemic. It requires borrowers to provide warrants, equity interests, or senior debt instruments as appropriate taxpayer compensation. Participating borrowers must also commit to certain requirements under the CARES Act regarding the maintenance of employment levels and limiting employee compensation, dividends, and share repurchases.

- [Press release](#)

Legislative Proposals

H.R. 8406: The HEROES Act

On September 29, 2020, Democrats in the House of Representatives introduced a slimmed-down version of the HEROES Act, a bill that the House originally passed in May of this year as a follow-up to the CARES Act. The revised bill largely extends provisions of the CARES Act, including a second round of \$1,200 stimulus checks for qualifying individuals, \$436 billion for state and local governments, an extension of the Paycheck Protection Program (PPP), temporary funding for \$600 weekly unemployment benefits, and \$75 billion for coronavirus testing. The next afternoon, Treasury Secretary Steven Mnuchin presented a \$1.6 trillion counteroffer to House Speaker Nancy Pelosi (D-CA), but they were not able to reach an agreement. On the evening of October 1, 2020, the House of Representatives passed the bill by a vote of 214–207.

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

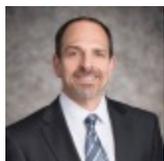
S. 4699: The Providing Resources for Emergency Preparedness and Resilient Enterprises (PREPARE) Act

On September 24, 2020, Senators Marco Rubio (R-FL) and Angus King (I-ME) introduced legislation that would reauthorize small businesses under the Small Business Administration's Pre-Disaster Mitigation Pilot Program to take out low-interest loans in order to mitigate damage from future disasters, such as future pandemics.

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

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