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# Hughes Hubbard & Reed

## CARES Act Developments and Newly Proposed Fiscal Stimulus Legislation as of October 23, 2020

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**October 23, 2020** – This week the FDIC issued an interim final rule that reduces the costs of pandemic-related regulatory compliance for certain insured depository institutions, and legislation was introduced in the House of Representatives and the Senate to provide additional protection and relief for small businesses.

### Regulatory Developments Relating to the Pandemic

#### FDIC Issues Interim Final Rule on Independent Audit and Reporting Requirements

On October 20, the Federal Deposit Insurance Corporation (FDIC) issued an interim final rule to reduce certain regulatory costs for insured depository institutions (IDI). Many IDIs have experienced significant asset growth due to participation in the Paycheck Protection Program (PPP), the Money Market Mutual Fund Liquidity Facility (MMLF), and the Paycheck Protection Program Liquidity Facility (PPPLF) and other government stimulus programs. Such IDIs, whose asset growth may be temporary but significant, would normally be required to develop processes and systems to comply with the annual independent audits and reporting requirements of Part 363 of the FDIC's regulations on a potentially short-term basis. Under the interim final rule, an IDI that has experienced large cash inflows resulting from participation in recent government stimulus efforts can use its consolidated total assets as of December 31, 2019 in determining whether it is subject to the auditing and reporting requirements of Part 363 for fiscal years ending in 2021.

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

### Legislative Proposals

#### S. 4818: HEROES Small Business Lifeline Act

On October 20, Senators Ben Cardin (D-MD), Jeanne Shaheen (D-NH), Chuck Schumer (D-NY), and Chris Coons (D-DE) introduced legislation that would help small businesses by extending the Paycheck Protection Program (PPP) through March 2021, extend the Debt Relief program for up to a year, provide a new \$40 billion Lifeline Grant program that would provide grants of up to \$50,000 to vulnerable small businesses, and help minority-owned businesses. The bill is nearly identical to the small business provisions of HEROES 2.0, which passed the House on October 1.

- [Press release](#)

#### **S. 4817: Small Business Access to Recovery Capital Act**

On October 20, Senators Marco Rubio (R-FL), Jim Risch (R-ID), Susan Collins (R-ME), and Josh Hawley (R-MO) introduced legislation that would expand access to the Small Business Administration's 7(a) Loan Guaranty program for one year by waiving borrower and lender fees, increasing the government guaranty to 95%, increasing the maximum loan value from \$5 million to \$10 million, and waiving debt repayment of principal, interest and fees for one year for any new loans made under the 7(a) program.

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

#### **H.R. 8628: Global Small Business Network Act**

On October 20, Representatives Joaquin Castro (D-TX), Ann Wagner (R-MO), and Rick Larsen (D-WA) introduced legislation that would enhance the ability of small businesses in the United States to export to foreign markets and would emphasize connectivity between the United States and other countries, including those in Southeast Asia, by establishing a network of small business development centers.

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

#### **H.R. 8629: Preventing Employees from Surprise Taxes Act**

On October 19, Representative Gerald Connolly (D-VA) and Senator Chris Van Hollen (D-MD) introduced legislation that would make a payroll tax deferral allowed by President Trump's August 8 Executive Order optional for any worker whose employer chooses to participate, including military members and federal employees.

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

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