

TO: NAW Direct Members

FROM: NAW Government Relations Team

RE: NAW Critical Update Number 42 – May 5 at 3:30 PM

1. NAW Letter to Congress Requesting Loosening the Facts-and-Circumstances Test on Bad Debt Business Deductions

NAW, along with our association allies, sent a letter to Congressional leaders today urging them to pass legislation that would temporarily change tax law to allow a business to deduct “bad debts” in the current tax year, rather than when they have met a facts-and-circumstances test that can take years. Since the extension of credit to customers to purchase inventory is a common practice in the wholesale distribution industry, we believe this tax change would benefit many of our members by providing much-needed liquidity.

To view the letter, go to:

<https://www.naw.org/wp-content/uploads/2020/05/GroupCreditSalesLetter.pdf>

2. Latest Congressional Action on the Next Coronavirus Relief Package “CARES 2.0”

Negotiations between Senate and House leaders are heating up this week as Members are deciding what to include in the “CARES 2.0” coronavirus relief package. The issue of liability protections for businesses has emerged as a politically divisive debate as Congress considers more legislation to revive the faltering economy. NAW has been participating in a working group with fellow association colleagues urging the White House and Congress to include liability protections for essential and nonessential industries in the next round of coronavirus relief aid.

Senate Majority Leader Mitch McConnell and House Minority Leader Kevin McCarthy have called liability protections for businesses a must-have “red line” for Republicans, saying they won’t support Democrats’ call for further state and local aid without it. As of

today, Leader McConnell's office hasn't released any details regarding the liability protections for businesses he would seek.

When asked by reporters this morning about including liability protections in the next bill, House Leader Steny Hoyer said, "I don't know what their specific proposal is, so I don't want to say it's a hard no. McConnell has mentioned some requirement about liability protection for people. We don't necessarily think that's appropriate for this bill."

Rep. Mike Turner from Ohio said in a statement today that he plans to introduce legislation this week that would bar workers who fall ill with coronavirus from suing their employers, so long as the company complies with state and federal law as it re-opens for business amid loosening health restrictions.

"Many businesses are concerned about re-opening due to the risk associated with being held liable if one of their employees contracts coronavirus after coming back to work," Rep. Turner said in a statement. "This bill is proactive and seeks to protect complying businesses and employees as we begin to restart the economy."

House Democrats aren't wasting any time moving forward with their own plans for the next relief package, aiming to put pressure on GOP leaders who have rejected their priorities in previous bills.

According to a *Politico* story yesterday, "On a private call with Members Monday afternoon, Speaker Nancy Pelosi and her deputies sketched the outline of a trillion-dollar-plus package that would deliver aid to state and local governments — some on the brink of public service cuts — while shoring up safety net programs for the nation's most vulnerable."

To read the full, go to:

<https://www.naw.org/wp-content/uploads/2020/05/Democrats-Aim.pdf>

3. Latest on the Paycheck Protection Program

As we reported yesterday, the SBA/Treasury Department updated their FAQ document over the weekend. In particular, Question 40 in the FAQ asks if an employer's PPP loan forgiveness will be reduced if they offer to re-hire an employee they had laid off.

Yesterday, the ReedSmith Law Firm published an article on this topic providing insight for employers on how to respond to employees who refuse to return to work by June 30th.

To read the full article, go to.

https://www.employmentlawwatch.com/2020/05/articles/employment-us/employees-refusing-to-return-to-work-the-sba-offers-some-protection-of-ppp-forgiveness/?utm_source=Reed+Smith+-+Employment+Law+Watch&utm_campaign=00dcdf4970-RSS_EMAIL_CAMPAIGN&utm_medium=email&utm_term=0_b40554bd20-00dcdf4970-78816497

According to a DOJ press release today, the Justice Department has charged two New England restaurateurs with fraud over their application for small-business relief loans, the first U.S. criminal action related to the Paycheck Protection Program.

“David A. Staveley and David Butziger are charged with conspiring to seek forgivable loans guaranteed by the SBA, claiming to have dozens of employees earning wages at four different business entities when, in fact, there were no employees working for any of the businesses,” prosecutors said Tuesday.

The charges come less than a week after a top Justice Department official said investigators had already seen signs of fraud in the \$660 billion program. The Justice’s Department’s interest in the coronavirus stimulus funds comes as criticism mounts over the loan program, which was intended to help small businesses but has also sent multimillion-dollar checks to large corporations.

To read the DOJ press release, go to:

<https://www.justice.gov/opa/pr/two-charged-rhode-island-stimulus-fraud>

4. Latest on Re-Opening the Economy

With state and local governments gearing back up to re-open the economy, many employers are seeking answers to the challenging issues they will face as they resume their business operations amidst COVID-19.

U.S. Department of Labor Invites the Public to Participate in National Online Dialogue on Opening America’s Workplaces Again

As the U.S. Department of Labor continues its efforts to support American workers and position the economy for a strong rebound, the department is hosting a national online dialogue on “Opening America’s Workplaces Again,” to solicit ideas from the public on how best to help employers and workers re-open America’s workplaces safely.

The dialogue will run from Thursday, April 30 through Thursday, May 7, 2020, and will include a one-hour Twitter chat on Friday, May 1, 2020, at 2:00 p.m. EDT.

The public – including employers, workers, local authorities and advocacy groups – is invited to share ideas on six topics:

1. Reopening businesses;
2. Commuting safely;
3. Working safely;
4. Accommodating members of vulnerable populations;
5. Supporting America’s families; and
6. Reducing regulatory burdens.

To register, go to:

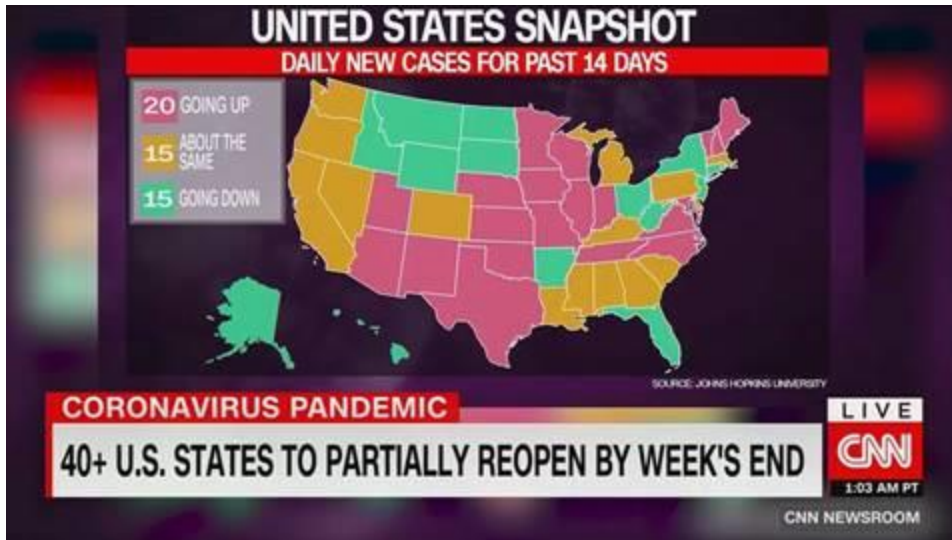
<https://OpeningWorkplaces.ideascale.com>.

From The Associated Press: The re-opening of the economy and loosening of coronavirus-prompted restrictions remain uneven and varied throughout the U.S. as governors watch case numbers and weigh caution against desires to ramp up business.

To view the story, go to:

https://apnews.com/4d7f838dd5e2c3e17b29e15e607d065d?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosam&stream=top

Also, the CNN map shown below reports that 40+ states are partially re-opening and shows the number of new virus cases in each state for the past two weeks.



From McGuireWoods Law & Consulting: UPDATE #11: State Governors' "Stay-at-Home" and Prohibition on Elective Procedures Orders for Arizona, District of Columbia, Florida, Indiana, Kansas, Kentucky, Michigan, Minnesota, Mississippi, New Hampshire, New Jersey, Tennessee, Texas, Virginia, Washington and West Virginia.

To read the full report, go to:

<https://www.mcguirewoods.com/client-resources/Alerts/2020/5/state-governors-stay-at-home-prohibition-elective-procedures-orders>

We are also providing a link to a spreadsheet that includes state and local COVID-19 response information provided by MultiState Associates.

To view their spreadsheet, go to:

https://docs.google.com/spreadsheets/d/e/2PACX-1vRIJWZJ7OkGUW57_rdA2n3xBJ3qjW6u4Z9N6K9Y5L4bM_6H7-S308qdKmJfpVstYwf300nyujvZPFsy/pubhtml?urp=gmail_link

May 28 NAW Webinar on Economic Outlook:

We are partnering with NAW senior economic advisor Alan Beaulieu to produce a second critical economic forecast webinar. This webinar, "Distribution Post COVID-19 Outlook," will run Thursday, May 28, from 3:00 to 4:30 PM EDT. Seats are limited, so if you are interested, please purchase your seat today at: www.naw.org/distribution-post-covid-19

Click here for links to Critical Updates sent previously.

Many thanks—

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