

On Jan 19, 2021, at 5:00 PM, Lobbyit.com <jortega@lobbyit.com> wrote:



THE HILL REPORT



CONGRESSIONAL UPDATE

The 2020 elections are finally, officially over. In early January, the critical Georgia Senate seats were awarded to the Democrats in a political earthquake that few inside or outside of Washington expected. For the first time in a decade, Democrats control all three main levers of power in DC – the House, the Senate, and the Presidency. Democrats control the Senate by the slimmest possible margin, a 50-50 tie with the Vice President having the tiebreaker vote. But this control guarantees that President-Elect Biden will get his Cabinet in place quicker and easier and allows the Democrats to set the agenda and force their GOP colleagues to take politically difficult votes.

The first legislative priority for the Biden Administration is another round of stimulus to help shore up state and local budgets, assist the hungry and unemployed, and fund the stumbling vaccine rollout. The proposed package is nearly \$2 trillion, and the Biden team has signaled that it would like to pass it through the Senate with bipartisan support. Key GOP Senators have already come out against the proposal, meaning that we will likely be in for a lengthy, complicated, politically-charged negotiation. A drawn-out fight is not

what the Biden team wants. The incoming Administration believes that the economy needs an additional infusion of capital, or the current economic slowdown will go from temporary to long term.

Biden hopes he can secure enough support to pass this stimulus package through regular order rather than resorting to budget reconciliation. For the next two years, expect to hear a lot about budget reconciliation. We will more thoroughly outline this process in future communications. The short version is that this procedure allows the Senate to circumvent the 60-vote threshold for legislation and pass proposals that have a direct budgetary impact with a majority vote. Budget reconciliation is how President Obama passed the ACA and how President Trump passed his tax bill. Democrats are eyeing this procedure for infrastructure spending, healthcare expansion, additional stimulus assistance, and many other proposals. To be clear – this will be a complicated procedure to use because it will require Democrats in the Senate to not lose a single vote in their caucus, despite the broad ideological gap between them. How Democrats navigate this minefield is likely to determine the first two years of the Biden Administration's perceived success or failure.

But first, Biden's \$1.9 trillion stimulus proposal is on deck. We will have an in-depth analysis of the proposal completed in the next couple of days.

NCDA ADVOCACY UPDATE

Our team was primarily engaged in trying to get the stimulus package across the finish line during December. As outlined in our end-of-year stimulus update last month, Lobbyit secured vital provisions in the latest stimulus bill. Here is a summary of those victories.



- We successfully advocated to reopen the Paycheck Protection Program (PPP) and allow organizations who need a second forgivable loan to apply. Organizations with fewer than 300 employees and a 25%+ reduction in gross receipts in the 1st, 2nd, or 3rd quarter in 2020, relative to the same quarter 2019, qualify.
- We made the case to Congress that a simplified forgiveness process for smaller organizations is needed. Now, organizations that received loans under \$150,000 can apply for on a one-page form. The borrower must attest that they complied with the PPP loan requirements.
- We also fought for clarification on tax deductibility. The bill clarifies that gross income will not include forgiven PPP funds used for otherwise deductible expenses, essentially allowing hurting organizations to get an increased benefit.

Starting this week, the fight for the next round of stimulus begins. We are optimistic that Congress will approve additional relief and bolster the economy. The question is, how quickly can they put aside political differences and reach consensus.