March 27, 2020

AEM recognizes the immense impact that the current COVID-19 pandemic is having on our member companies, their employees, suppliers and customers, as well as partner sectors such as agriculture and construction. We are working closely with the U.S. Congress, the Trump Administration, and state and local governments to make sure they take the necessary legislative and administrative steps to mitigate the harm that the crisis is having on equipment manufacturers. Our top priority is focused on ensuring the health and safety of our member companies, their employees, our staff, and our partners.

Here are some of the latest developments:

“Phase Three” COVID-19 Legislation
Today, the U.S. House passed the “phase 3” emergency relief package in response to the ongoing COVID-19 pandemic (H.R. 748, Coronavirus Aid, Relief, and Economic Security (CARES) Act), but not before a bit of drama ensued. House leadership had initially hoped to pass the bill by unanimous consent (UC), but some members expressed plans to object, altering the planned vote from UC, which allows for no objection, to voice vote (which is similar, but allows for opposition).

The intent of attempting to pass the bill by unanimous consent and then by voice vote once UC was ruled out was to prevent lawmakers, some of whom have tested positive for coronavirus, from having to return to Washington and possibly infecting each other and anyone they might come into contact with. However, Rep. Thomas Massie (R-Ky.), much to the consternation of Democrats and Republicans (including President Trump), projected his plans to request a quorum call (which requires a majority of lawmakers to be physically present in the chamber), sending House members into a frenzy to get back to the Capitol in time to prevent the bill from being stalled. In the end, after establishing a quorum, the legislation did pass by voice vote.

With H.R. 748 passed by both the House and the Senate, the bill now moves to President Trump’s desk for final approval.

CARES Act Spotlight: Short-term Compensation Support
Short-term compensation (also known as “work share” or “shared work”) programs allow businesses to temporarily reduce the hours of their employees as an alternative to layoffs. Businesses can retain their trained and experienced workforce, ideally for easy full-time reinstatement when business conditions require it. Workers are allowed to keep their jobs and collect reduced unemployment benefits to partially replace their lost wages. Under approved short-term compensation programs, employees qualify for a percentage of unemployment benefits, equal to the percentage by which their hours have been reduced. For example, an employee whose hours are cut by 10 percent would qualify for 10 percent of the state’s established weekly unemployment benefit amount. While that does not fully
replace the lost wages, the amount supplements a worker’s income until he or she is recalled to full-time work.

AEM has encouraged federal lawmakers to support these state programs, and at the urging of AEM, the CARES Act provides additional resources for equipment manufacturers during and after the COVID-19 pandemic. Specifically, U.S. Senator Jack Reed (D-R.I.), who has been a long-time supporter of enhancing federal support for state-based unemployment benefits program, led the charge and secured a number of provisions in the CARES Act.

- States that have an existing short-term compensation program can get 100 percent federal reimbursement for their costs related to that program.
- States that enact a short-term compensation program after enactment will also be eligible for reimbursement.
- States without a law can enter into an agreement with the Department of Labor to begin providing short-term compensation payments.
- Employers participating in a short-term compensation program will pay half the cost to the state.
- $100 million in grants are provided for states to develop short-term compensation programs, and the Secretary of Labor will develop model legislation.

Several states already have short-term compensation programs. For more information about these programs, please see the list of states below. Several states have laws on the books that allow them to establish work share programs, but they have not been set up yet. Others have not yet passed legislation enabling them to set these programs up. The CARES Act seeks to assist those remaining states without short-term compensation laws in place.

Arizona
Arkansas
California
Colorado
Connecticut
D.C.
Florida
Iowa
Kansas
Maine
Maryland
Massachusetts
Michigan
Minnesota
Missouri
Nebraska
New Hampshire
New Jersey
New York
Ohio
Oregon
Pennsylvania
Rhode Island
Texas
Washington
Wisconsin

**Senators send Tariff Suspension Letter to Treasury Secretary Mnuchin**

At the urging of AEM, several U.S. Senators [sent a letter](#) yesterday to U.S. Treasury Secretary Mnuchin asking him to order the U.S. Customs and Border Patrol to immediately issue a directive to defer all tariffs for at least 90 days. The letter was signed by House Republican Leader McCarthy (R-Calif.), Sen. Feinstein (D-Calif.), Sen. Toomey (R-Penn.), Sen. Harris (D-Calif.), Sen. Jones (D-Ala.), Sen. Alexander (R-Tenn.), Sen. Sasse (R-Neb.), and Sen. Moran (R-Neb.)
Secretary Perdue Applauds State Department Decision to Waive H-2 Visa Applicants
In a move that will help support U.S. farmers and ranchers at a critical time as they help get food from the farm to America’s tables, U.S. Secretary of Agriculture Sonny Perdue issued a statement yesterday supporting the U.S. Department of State and the Department of Homeland Security’s decision to authorize temporary waivers for in-person interviews for eligible H-2 visa applicants. Perdue said: “Temporarily waiving in-person interviews for H-2 visa applicants streamlines the application process and helps provide steady labor for the agriculture sector during this time of uncertainty. H-2 labor is vital to the economy and food security of America – our farmers and producers depend on these workers to continue to feed and clothe the world.” Read Perdue’s full statement. Read a federal FAQ doc on the decision.

AEM Urges OSHA to Clarify Illness Reporting Requirements
In a letter to Principal Deputy Assistant Secretary of Labor Loren Sweatt, AEM asked OSHA to issue a statement clarifying that employers that have not been required to report illnesses caused by health pathogens in the past will not need to report such exposure to COVID-19. Equipment manufacturers and distributors are closely adhering to the guidelines provided by the CDC and other federal agencies, as well as state and local officials. Without this guidance, however, there is the potential for bureaucratic hurdles that will impede a manufacturer from continuing its essential operations.

AEM Engages with Construction Contractors to Ensure Construction Projects Continue
AEM understands the impact stopping and shutting down all construction work would be for the industry. AEM has engaged with the Associated General Contractors (AGC) and Associated Builders & Contractors (ABC) to ensure Governors recognize the key role construction projects play in our current economy. Recently, AGC and ABC sent letters to key Democratic & Republican Governors requesting they deem construction as an essential business. AEM continues to communicate with Governors offices how the industry is operating in a safe environment, and adhering to all social distancing and hygiene instructions.

State Activities
AEM has been monitoring activities taken by governors as they continue to issue closure orders and other guidance, and we are in close contact with their staff to make the case that our industry should be deemed “essential.” Today, we have key updates in Montana, and New Hampshire. We also have some updates for closure orders in New York. For information on other states, please check out AEM’s state snapshot.

Montana
Montana Governor Steve Bullock ordered all residents to stay at home and all non-essential businesses to close, effective March 28 at 12:01am, through April 10. The order references DHS’s CISA guidance for the definition of essential businesses, which may continue to operate while this order is in effect.

New Hampshire
New Hampshire Governor Chris Sununu ordered all residents to stay at home and all non-essential businesses to close, effective March 27, at 11:59 pm until May 4. The Governor published a list of essential businesses that closely mirrors DHS’s CISA guidance. The order notably allows manufacturing companies, their distributors, and supply chain companies to operate. The New Hampshire Department of Business and Economic Affairs told all businesses to email requests for an essential designation to email them at essential@nheconomy.com and include basic contact information and a brief justification.
New York
New York Governor Andrew Cuomo issued a new order requiring all non-essential businesses to fully telework, with the exemption of businesses deemed essential, by Sunday, March 22, at 8:00pm ET.

On March 27, the New York’s Empire State Development Agency has issued updated guidance on what business are considered “essential.” The order provided updated guidance on what construction is considered essential, allowing ONLY emergency and essential projects to continue. Emergency construction is defined as projects “necessary to protect health and safety of the occupants, or if it would be unsafe to allow to remain undone until it is safe to shut the site.” Essential construction includes roads, bridges, transit facilities, utilities, hospitals or health care facilities, affordable housing, and homeless shelters.

Canada Activities
Prime Minister Justin Trudeau today announced further support for small businesses. The total estimated cost for the measures announced today are approximatively $90 billion, which comes in addition to the previously announced measures. While the precise details of the programs announced today are expected before the end of March, the measures are:

- An increase in the previously announced Temporary Wage Subsidy for Employers from 10% to 75%, for up to 3 months, for qualifying businesses. This measure will be retroactive to March 15.
- Launching the new Canada Emergency Business Account which will provide up to $25 billion to eligible financial institutions so they can offer interest-free loans to small businesses. These loans – guaranteed and funded by the Government of Canada – will ensure that small businesses have access to capital, at a zero percent interest rate.
- Launching the Small and Medium-sized Enterprise Loan and Guarantee program that will enable up to $40 billion in lending, supported through Export Development Canada (EDC) and Business Development Bank of Canada (BDC), for guaranteed loans to small businesses from their financial institutions.
- Allow businesses, including self-employed individuals, to defer all Goods and Services Tax/Harmonized Sales Tax (GST/HST) payments until June, as well as customs duties owed for imports.

Further to these programs, the Canada Revenue Agency is introducing a further series of administrative measures to remove some of the burden on businesses experiencing financial hardship.

The Bank of Canada further reduced their target for the overnight rate by 50 basis points to ¼ percent. The Governor of the Bank, Stephen Poloz, made clear that this unscheduled move brings this rate to its effective lower bound, and that the Bank will continue acting to ensure the markets have sufficient liquidity. Governor Poloz made the statement that "a firefighter has never been criticized for using too much water."

New Brunswick
Premier Blaine Higgs outlined a number of supports for workers and businesses. These include the following measures:

Employees:
• Implementing a $4.5 million investment for workers who have recently become unemployed. This benefit will bridge the gap between a person losing their job or closed their business after March 15, and when the federal benefits takes effect.
• Allowing an unpaid leave of up to 15 weeks to New Brunswickers who have COVID-19 or are caring for someone with the virus.

Employers:
• WorkSafeNB is deferring the collection of assessment premiums for three months. The interest rate will be reduced to zero per cent to align with the three-month deferral.
• On a case-by-case basis, deferring loan and interest repayments for existing business loans with government departments for up to six months. Businesses can request deferrals by contacting the department that issued the loan.
• Small business owners will be eligible for loans up to $200,000. They will not be required to pay principal on their loan for up to 12 months.
• Providing working capital of more than $200,000 to help medium-sized to large employers manage the effects of COVID-19. Businesses can apply directly to Opportunities NB for this support.

Quebec
Premier Francois Legault has assured residents of Quebec that they will have access to a minimum of $2,000 in take home income per month, to ensure there isn’t an incentive for minimum wage employees to leave their jobs. The details of this have yet to be unveiled. However, he committed to rolling out a program soon.

Saskatchewan
Premier Scott Moe replied to the correspondence from AEM, and has confirmed the designation of manufacturing as an allowable business service. He expressed the need for all businesses still operating to set out strong guidance to ensure the safety of their employees.

Visit AEM’s COVID-19 page for our complete set of resources and information.

Do you have questions or need to get a hold of AEM’s Advocacy Team? E-mail our Response Ream at responseteam@aem.org with any questions or feedback.

As always, if you have any questions about AEM’s ongoing efforts, need assistance with a specific issue, or would like to share how the unfolding COVID-19 pandemic is impacting your business, please do not hesitate to reach out to me at keideberg@aem.org.

Best,
-Kip

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Association of Equipment Manufacturers