March 24, 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
Congressional negotiators signaled Tuesday that they are on the verge of clinching a bipartisan agreement on a nearly $2 trillion emergency stimulus package. The U.S. House will likely vote on the package by unanimous consent or voice vote, as a majority of lawmakers are back in their districts. Final details and differences between the U.S. Senate and U.S. House versions are still being released as of this e-mail. A final agreement is likely to include the activation of a Treasury-administered Exchange Stabilization Fund to lend money to corporations hard hit by the COVID-19 pandemic. Expanded unemployment insurance is also likely to make the cut. AEM staff will provide a full analysis of the package in tomorrow’s update, along with information about specific provisions and relief for equipment manufacturers.

Late last evening, House Democrats formally introduced a $2.5 trillion counterproposal to Senate Republican’s $1.8 trillion coronavirus stimulus package. H.R. 6379 has little to no chance of becoming law, and many of the provisions contained in the bill will not be included in the final bipartisan compromise. However, they may very well be part of future relief packages, and they also offer insight into the approach taken by House Democrats. AEM staff has been going through the more than 1,400 pages to provide you with a summary of a few key provisions:

The bill expands “Phase 2” FMLA and paid sick leave provisions to apply to all employees regardless of the size of the employer (including removing specific industry carveouts) and extends the program by one year to Dec. 31, 2021. The bill also expands the reason allowed for taking leave and changes references of 10 days to two workweeks.

The bill contains several provisions related to Unemployment Compensation (UC), including a separate federal pandemic UC of $600 per week in addition to state UC entitlements. The bill also temporarily fully funds work sharing programs so that employers attempting to prevent layoffs can reduce worker hours. Those employees with reduced hours will be entitled to both partial UC benefits and a $300 federal pandemic UC. There are also special provisions for self-employed workers; canceled contracts; workers without enough work experience to qualify for state UC benefits; non-profits, tribes and governmental entities; and rail workers.

Included in the bill are provisions to cancel up to $10,000 of student loans, loan and rental relief, and direct compensation of $1,500 per individual (a family of five would be entitled to $7,500), though individuals earning above $75,000 would be required to repay some or all of the amount over three years.
There are a number of requirements for companies that are of concern to the industry. During the coronavirus crisis all stock buybacks are halted. Companies receive federal aid are subject to further requirements and restrictions. Until the federal aid is paid back, companies must maintain workforce levels and worker pay; are banned from buying back stocks; and are prohibited from providing executive bonuses or performing federal lobbying. Accelerated filers will be required to provide permanent worker representation on boards and must disclose annually information related to human capital management, political spending, tax reporting, and how federal funds are being used to help workers. Finally, the legislation puts forth permanent requirements for all companies receiving federal aid, including guaranteeing a $15 minimum wage by Jan. 1, 2021; providing a minimum 14 days of paid leave and permanently limiting executive compensation to a 50:1 ratio (CEO to median worker pay).

Among the provisions that specifically benefit equipment manufacturers is the inclusion of a net operating loss carryback for businesses from 2018, 2019, and 2020 to any of the last five years. Equipment manufacturers may also be able to take advantage of the employee retention credit of 80 percent on wages up to $10,000. (Note: The program is limited to companies that have experienced a 20 percent loss in gross receipts and have no more than 1,500 employees or $41.5 million in gross receipts).

Funding for the U.S. Department of Transportation (DOT) programs is expanded beyond what was included in Senate Republican’s coronavirus bill. A chart of DOT appropriations can be found here.

Finally, below is a list of some of the appropriations contained in the legislation of interest to equipment manufacturers and related industries:

**Agriculture**
- $45 million for agricultural marketing services
- $33 million for food and inspection services
- $20.5 million for the Rural Business Program Account for the cost of loans
- $25 million for the Rural Utilities Service for Distance Learning, Telemedicine, and Broadband Program
- $450 million for Commodity Assistance Program
- Supplemental dairy margin coverage
- $300 million targeted purchases of food initially destined for food service industry
- $258 million for ReConnect Program (Rural Broadband Grants)
- $9 billion increase to Child Nutrition Programs
- Additional funding for the SNAP Program for “such sums as may be necessary” and increases maximum and minimum distributions along with temporarily suspending prohibitions on the purchase of hot foods
- $200 million for U.S. territory nutrition assistance

**Small Business and Finance**
- $2 billion Economic Adjustment Assistance
- $15 million for Minority Business Development Agency to assist minority businesses in response to COVID-19
- $50 million to Manufacturing Extension Partnership program
- $70 million for Army Corps of Engineers
- $100 billion for SBA Economic Injury Grants
- $184 billion SBA Disaster Loans Program (direct loans)
- $100 billion to SBA economic injury grants
- $300 billion guaranteed, forgivable loans to cover short-term payroll costs
- $16.8 billion for Small Business Debt Relief
- More than $304 billion for SBA Business Loans Program – $299.4 billion for payroll protection loans, $5 billion for loan guarantees, and $7 million for direct loans
- $265 million to Entrepreneurial Development Programs ($240 million for grants to Small Business development centers)
- $50 billion Small business Financial Assistance Program -lending program and establishment of 0 interest loans that could be forgiven later
- $10 billion for State Small Business Credit Initiative to promote recovery post-pandemic
- $1 billion additional funding for Community Development Financial Institutions Fund
- $3 billion in grants through Minority Business Development Agency

**Workforce Development**

- $212 million for grants to states for adult employment and training activities under Workforce Innovation and Opportunity Act (WIOA)
- $227 million for grants to states for WIOA youth activities
- $261 million for grants to states for dislocated worker employment and training under WIOA
- $250 million for the Dislocated Worker Assistance National Reserve ($150 million for training and employment services under strengthening Community College Training Grant Program)
- $10 million for migrant and seasonal farmworker programs
- $100 million for Job Corps program

**AEM Calls on Federal Agency to Reinforce Industry’s Designation as “Essential” Business**

AEM sent a letter to the Director of the Cybersecurity and Infrastructure Security Agency (CISA) requesting that equipment manufacturers, suppliers, distributors, and service providers be consistently designated as “essential” and permitted to maintain operations throughout the COVID-19 pandemic and asking him to reinforce this with state and local officials as they continue to issue their own directives and guidance. The letter comes in response to inconsistent and conflicting directives and guidance by state and local officials, which threaten the industry’s ability to keep operations running and workers on the job.

**AEM Continues to Coordinate with Cybersecurity and Infrastructure Security Agency**

AEM participated in a call with the Department of Homeland Security’s Cybersecurity and Infrastructure Security Agency (CISA), where agency officials highlighted the importance of both the food and medical supply chain. The agency is urging the business community to provide personal protective equipment (PPE), including nitrile and latex gloves, N-95 respirator and surgical masks, and surgical gowns. CISA is also encouraging employers to consult www.coronavirus.gov for information and resources about how to respond to COVID-19 in the workplace, and to consult the Federal Emergency Management Agency’s Coronavirus Rumor Control page for resources on how to distinguish between rumors and facts regarding the response to the COVID-19 pandemic.

**AEM Supports Effort to Defer All Tariffs for at Least 90 Days**

Sen. Feinstein (D-Calif.) is urging Secretary Mnuchin to defer all tariffs for at least 90 days due to the ongoing impact of the COVID-19 pandemic. AEM is supporting this effort by calling on all U.S. Senators to sign on to a letter to the Secretary of the Treasury, and is calling on other trade associations and business groups to mobilize in support of this effort. In the letter, the senior Senator from California writes that: “As numerous industries and individual businesses in the United States suffer extreme cash flow problems due to the ongoing coronavirus crisis, I urge you to immediately issue a directive to U.S. Customs and Border Protection to defer all tariffs for at least 90 days, or until the crisis passes.” AEM has been urging the Congress and the White House to take immediate steps to defer all tariffs until the businesses paying them can emerge from the ongoing COVID-19 pandemic.

**AEM Continues to Call for Support for Agriculture Sectors**
AEM joined more than 40 industry partners in letters to all 50 governors highlighting the importance of the country’s agriculture sectors. In the letters, the organizations ask the Governors to make sure they incorporate the guidance released by the Cybersecurity and Infrastructure Agency (CISA) into their state response plans, and any critical shelter-in-place or shut down orders, thereby ensuring that farmers, ranchers, input manufacturers and suppliers, processors, retailers, and many others can continue to operate and provide necessary inputs for the food and agriculture supply chain.

AEM Mobilizes Tens of Thousands of Grassroots Supporters
Today, AEM’s national grassroots campaign I Make America activated 25,000 grassroots supporters, more than half of its entire community, to continue to urge governors to designate equipment manufactures as “essential” during the COVID-19 crisis. The update went to the 15 largest equipment manufacturing states by employment (Texas, Illinois, Wisconsin, Ohio, Indiana, Iowa, California, Michigan, Pennsylvania, Minnesota, North Carolina, Oklahoma, New York, Louisiana, and Kentucky).

State Activities
AEM continues to monitor the actions Governors are taking as they 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 Alaska, Colorado, Hawaii, New Mexico, and Oregon. We also have more information on the orders for Indiana, Virginia, Washington, and Wisconsin. For information on other states please visit www.aem.org/covid-19-information-and-resources.

Alaska
Alaska Governor Mike Dunleavy issued a Health Mandate ordering certain personal care businesses to close and prohibiting all gatherings of more than 10 people, unless the individuals can be greater than 6-feet apart. The order is set to take effect March 24 at 5:00pm Alaska time. Notable, the Governors mandate does not exempt regular business activities, therefore, manufacturers and other businesses will be required to comply with the social distancing requirement.

Colorado
Colorado Governor Jared Polis ordered all businesses to reduce their in-person workforce by 50 percent, effective March 24 at 8:00am PT. The order does not apply to critical businesses, according to additional guidance published by the Governor’s office. The list of critical businesses closely mirrors DHS’s CISA guidance on critical sectors, but does not directly incorporate the federal guidance.

On March 21, the Colorado Department of Public Health & Environment issued a public health order prohibiting all gatherings greater than 10 people. While the order does not distinguish between public and private gatherings, the order does exempt office environments, and factories, so long as they adhere to a 6-foot minimum separation requirement.

Indiana
Indiana Governor Eric Holcomb ordered all residents to stay at home, and close all non-essential businesses, effective March 24 at 11:59pm ET. The Governor’s office recently set up a hotline to help businesses if they have questions. They can call 877-820-0890 or email covidresponse@iedc.in.gov.

Hawaii
Hawaii Governor David Ige ordered all residents to stay in place and all non-essential businesses to close, effective March 25 at 12:01am Hawaii time. The order explicitly adopts DHS’s CISA guidance for critical sectors that are allowed to continue to operate. Businesses that “sell, manufacture, or supply other essential businesses” are defined as essential and allowed to continue operations.

New Mexico
New Mexico Secretary of Health Kathyleen Kunkel issued an order prohibiting all mass-gatherings and closing all non-essential business. The Secretary’s order defines “essential businesses” mirrors DHS’s CISA guidance, but does not adopt it directly. Specially, the order takes a more limited view in defining manufacturers, and only exempting a limited number of manufacturers, including primary metal manufacturers, and transportation equipment manufacturers. Also exempted from the order are infrastructure operations, including various types of construction. The Department of Health published a list of essential businesses that lists “essential manufacturing” but provides no additional information on that definition. AEM has reached out to the Department of Health for more information.

Oregon
Oregon Governor Kate Brown issued an order closing certain businesses where personal contact is difficult or impossible to avoid, mostly applying to amusement parks, gym and other entertainment businesses. The order also requires, when possible, businesses to allow employees to fully telework. In businesses that cannot telework, the business may remain open, but they must designate an employee to establish, implement, and enforce social distancing policies.

Virginia
Virginia Governor Ralph Northam ordered a closure of all non-essential retail businesses and prohibition of gatherings or more than 10 people, effective, March 24 at 11:59pm ET. Other, businesses are allowed to continue to operate so long as they follow CDC requirements on “social distancing,” and adopt telework standards, if possible.

Washington
Governor Jay Inslee ordered all residents to stay at home and required all non-essential businesses to close, except for preforming basic minimum activities, effective March 25 at midnight. The Governors issued guidance on the definitions of essential businesses, and it mirrors the DHS’s CISA guidelines on critical infrastructure. Essential businesses are required to adopt OSHA’s guidelines on preparing the workplace for COVID-19. If you have any questions, or believe your business is essential please email the Governors office at business@mil.wa.gov.

Wisconsin
Wisconsin Governor Tony Evers issued a stay at home order, requiring all residents to stay at home and all non-essential businesses to close. The order adopts DHS’s CISA guidance in defining essential businesses. Also exempted are other manufacturers, distributors, and supply chain companies for essential businesses. The order also broadly exempts “essential infrastructure” workers, including, but not limited to, construction workers, road, highway, and railroad workers. The Wisconsin Economic Development Corporation has provided this online form for businesses, if not listed on the CISA list, to request a designation as essential.

Canada Activities
Today, AEM communicated with the Deputy Minister and senior officials at Innovation, Science and Industry Canada to urge them to designate equipment manufacturers, suppliers, distributors, and service providers as “essential business” critical to the nation’s resiliency and well-being. The Deputy Minister, Simon Kennedy, confirmed that AEM’s contribution will feed into the federal government’s internal planning concerning the determination of what workplaces are deemed essential.

AEM has also been in contact with officials in the Government of Saskatchewan to advocate for the essential nature of member companies’ businesses, and to ensure that this fact is reflected in any future guidance from the province.

Federally, the House of Commons was reconvened today for a special session to attempt to pass a legislative package that would implement the government’s Economic Response Plan. At the time of this e-mail, however, the government has been unable to reach agreement with the opposition who allege
that the government is overstepping in its requests for greater powers over taxation and spending. This deadlock has delayed the introduction of measures, and may cause the implementing legislation to be held up until an agreement can be reached. The drama was heightened as Conservative MP Scott Reid, seemingly against the wishes of his party, made his way to the House of Commons to threaten to deny the required unanimous consent to the legislative package if changes were not made.

The Ontario government released their list of “essential” workplaces last night. We have listed some of the notable provisions below for which sectors and businesses are deemed essential. It is our understanding that AEM members are considered essential under this guidance.

**Supply chains**

1. Businesses that supply other essential businesses or essential services with the support, supplies, systems or services, including processing, packaging, distribution, delivery and maintenance necessary to operate;

**Retail and Wholesaling**

6. Motor vehicle, auto-supply, auto and motor-vehicle-repair, including bicycle repair, aircraft repair, heavy equipment repair, watercraft/marine craft repairs, car and truck dealerships and related facilities;

**Transportation**

18. Businesses that provide materials and services for the operation, maintenance and safety of transportation systems (road, transit, rail, air and marine), including delivery of maintenance services such as clearing snow, response to collisions, and completing needed repairs to the transportation systems.

**Agriculture and food production**

22. Businesses that support the food supply chain, including assembly yards, livestock auctions, food distribution hubs, feed mills, farm equipment suppliers, feed suppliers, food terminals and warehouses, animal slaughter plants and grain elevators;

This afternoon Ontario issued an Emergency Order under the Emergency Management and Civil Protection Act to apply the off-peak time-of-use (TOU) electricity rate for residential, small businesses, and farm customers who currently pay TOU rates.

Quebec is preparing to “hit pause for three weeks”, as announced yesterday. Their list of essential workplaces, included in yesterday’s update, is very restrictive as the government tries to supress the disease.

New Brunswick has called for the federal government to invoke a national state of emergency, as they argue that there is a lack of consistency in measures across the country – notably concerning interprovincial borders. The province has also announced a one-time $900 benefit will be administered through the Red Cross and will help to bridge the time between when people lose their employment or close their business and to when they receive their federal benefits.

Nova Scotia is asking that anyone who has travelled outside of the province, including in other parts of Canada, to self-isolate for 14 days. The tighter border controls were put into place as of Monday March 23.

Alberta has announced that small, medium and large private sector employers can defer WCB premiums until early 2021. Employers who have already paid their WCB premium payment for 2020-21 are eligible for a rebate or credit.

British Columbia has announced that those affected by the COVID-19 pandemic will benefit from $5 billion in income supports, tax relief and direct funding for people, businesses and services.
As always, if you have any questions, 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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