



March 17, 2020

Mnuchin Announces Further Administration Steps to Combat Coronavirus

At today's White House Coronavirus Task Force press briefing, Treasury Secretary Steven Mnuchin announced that earlier in the day, President Trump approved a 90-day extension of the tax filing deadline, subject to the following deferral limitations, which will be interest- and penalty-free:

- Individuals can defer up to \$1 million; and
- Corporations can defer up to \$10 million.

Mnuchin explained this step, which aligns with steps other countries have taken in response to the global pandemic, would result in \$300 billion in deferments—up from the administration's original plan of deferring \$200 billion.

Mnuchin also announced during the press briefing that the administration is looking to provide individuals financial assistance as quickly as possible. To this end, he said the administration is "looking at sending checks to Americans immediately," clarifying that he would like to accomplish this within two weeks. The expeditious timeline caused Mnuchin to more explicitly oppose President Trump's insistence on a payroll tax holiday during the press briefing, saying in front of the president that the approach would counteract the economic effects of the coronavirus too slowly. President Trump, who has strongly advocated for a payroll tax holiday through the November 2020 elections, appeared to agree with Mnuchin that such a move would not provide individuals financial relief quickly enough.

At lunch today with Senate Republicans, Mnuchin outlined the administration's plan. During the lunch, Mnuchin reportedly proposed \$250 billion of means-tested checks. According to reports, the plan to provide direct cash payments to individuals was at least not strongly opposed by most in the room. Should the administration proceed with this plan, Mnuchin said he doesn't anticipate checks to be sent before the end of April. As we have previously reported, some Senate Republicans, including Sens. Tom Cotton (R-AR) and Mike Braun (R-IN), have explicitly opposed the *Families First Coronavirus Response Act* (H.R.6201), which passed the House on March 14 and was amended further yesterday.

The Trump administration is also reportedly preparing to urge the Senate to combine its Phase Three proposals—which is expected to provide targeted relief to specific sectors of the economy, such as the airline, hotel and retail industries—to the *Families First Coronavirus Response Act*. The administration will likely argue that this approach may provide an easier and quicker path to enactment, as opposed to further amending the *Families First Coronavirus Response Act* before considering an entirely new Phase Three bill.

Additional reports reveal that Senate Majority Leader Mitch McConnell (R-KY) has decided against merging Phase Two

and Phase Three, instead opting to first move forward with a vote on the *Families First Coronavirus Response Act* before moving ahead with drafting the chamber's Phase Three proposal. Following the chamber's vote on the House-passed measure, three task forces appointed by McConnell will begin working to develop the Senate's Phase Three stimulus package.

Reports indicate the administration's proposal will total about \$1 trillion, but Mnuchin said during the briefing that the number "may be bigger than what is in the press." According to Mnuchin, the administration will float a proposal that includes loan guarantees, assistance to airlines and hotels, and some kind of business interruption payments for American workers. President Trump said during the briefing that the administration's plan will be clearer by the end of the day.

For additional information or assistance with a particular issue, please contact a member of the Brownstein Tax Policy Group.

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