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House Democrats Release \$3 Trillion Bill to Respond to Coronavirus

By

Natalie Andrews and Andrew Duehren

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WASHINGTON—House Democrats released a roughly \$3 trillion bill to battle the health and economic effects of [the coronavirus pandemic](#), a sum that would about double what Congress has allocated so far, staking out a position ahead of talks with Senate Republicans who are wary of additional spending.

The [proposed legislation](#) lays down a marker for where House Speaker Nancy Pelosi (D., Calif.) plans to take future negotiations with the Republican-controlled Senate and the Trump administration. It includes more than \$1 trillion for states and local governments, including funding for education and public safety. The House is expected to return to Washington to vote on the bill Friday, but negotiations with Senate Republicans aren't expected to start until later this month at the earliest.

“We must approach this tragedy with the deepest humanity as we go into the future,” Mrs. Pelosi said, adding the bill had three main components: “opening our economy safely and soon, honoring our heroes and then putting much-needed money into the pockets of the American people”

Top Senate Republicans were quick to dismiss the legislation's prospects in the chamber they control, denouncing the bill as an empty and unrealistic publicity stunt.

“This is nothing more than a messaging exercise by House Democrats, they didn't have any input from Republicans,” said Sen. John Thune (R., S.D.), the No. 2 Senate Republican. “It's not going anywhere.”

A top White House economic adviser said Tuesday that administration officials are in “wait and see” mode on the next round of aid.

“Right now we’re watching the economies that open up, watching how quickly economic activity picks up and watching the response to the disease,” said Kevin Hassett, former chairman of President Trump’s Council of Economic Advisers, on a webcast hosted by the Hutchins Center for Fiscal and Monetary Policy.

“As we get more information on that, then we can make a judgment on what the next phase will look like,” he said. If economic activity picks up quickly, as policy makers hope, the need for another large relief package might not be necessary, he suggested.

The longer state and local economies remain closed, the greater the risks of long-term unemployment and business bankruptcies, factors that can exacerbate the economic downturn, he said.

Sen. John Kennedy (R., La.) and other Senate Republicans met Tuesday with Mr. Trump and top White House officials to discuss Mr. Kennedy’s bill to allow states and municipalities to use previously appropriated funds for expenses not directly related to the pandemic. Congress has approved \$150 billion in aid, but limited its use.

Mr. Kennedy’s bill wouldn’t approve any new funding and would bar the entities from using the money on pension programs. Mr. Kennedy said his proposal got a “very positive reception.”

With tens of millions of Americans out of work, the Democrats’ bill would also send another round of direct checks to Americans. This time, it would deliver \$1,200 for individuals, \$2,400 for married couples and \$1,200 for each dependent, up to a maximum of three. Progressives in the Democratic caucus had called for monthly recurring payments.

The House bill would also extend the additional \$600 a week in enhanced unemployment benefits, which are set to expire at the end of July, until January.

The bill would also expand the one-time stimulus payments authorized in March to several groups that were excluded: dependents over age 16 and households where some individuals don’t have Social Security numbers.

Senate Republicans will bring their own set of priorities to the negotiating table. Senate Majority Leader Mitch McConnell (R., Ky.) has said that [shielding firms from pandemic-related liabilities](#) is a must-have “red line” for any future bill. Some Senate Republicans are also eyeing adjusting a popular small business aid program and altering unemployment benefits in the next bill, among other ideas. “We’re going to insist on doing narrowly targeted legislation if and when we do legislate again—and we may well—that addresses the problems, the needs, and not the aspirations of the Democratic majority in the House,” Mr. McConnell said Tuesday.

Democrats in both the House and Senate have so far rejected the idea of offering additional legal protections to businesses.

“That is not a focus of ours, nor do we think it should be a priority,” said House Majority Leader Steny Hoyer (D., Md.).

The bill also doesn’t include any reduction in payroll taxes, as sought by President Trump.

Asked about the House proposal, White House press secretary Kayleigh McEnany said that Mr. Trump still wants a cut in the payroll tax but signaled it wasn’t a deal breaker. “The president has noted a payroll tax is something that he has looked at, not conditioning on that, but noting it something that he desires to see,” she said.

Democrats acknowledge that the bill introduced on Tuesday is an opening bid.

“The larger bill is a negotiating start point,” said Rep. Stephanie Murphy (D., Fla.) in a call with reporters. “I really do believe in a divided Congress, the bills that have bipartisan support, that have the ability to have significant impact on the lives of Americans who are suffering right now, are the things that will eventually make it into law.”

Democrats included some longstanding wish-list items in their legislation, such as a repeal to the \$10,000 cap on the state and local tax deduction for 2020 and 2021. That break’s benefits would skew to high-income households and has been a major push by New York and New Jersey lawmakers. Republicans have called any change to the 2017 tax bill a non-starter.

The bill would also allocate money to expand broadband access, \$25 billion for the postal service, and \$10 billion for food assistance. Democrats say those needs have been highlighted by the pandemic where Americans are working from home, depending on deliveries, and children are unable to get subsidized school lunches.

Businesses would get a larger version of a tax credit—originally proposed by Ms. Murphy—for retaining employees that Congress passed in March. The credit would now cover 80% of \$45,000 of costs per employee, up from 50% of \$10,000, and would give large employers a much bigger incentive to keep workers on their payrolls if they aren't working.

Small businesses getting tax-free loan forgiveness would be able to deduct associated expenses. That would reverse [a recent IRS ruling](#) that denied such deductions.

The bill would narrow relaxed rules on deductions for money-losing businesses, making it harder for them to use those losses to offset profits. Democrats have complained that the benefits flow too much to high-income households.

House Republicans called the bill too partisan to support and said it wouldn't help the economy restart.

“This is a recipe for a prolonged recession,” said Rep. Kevin Brady (R., Texas), the top Republican on the Ways and Means Committee. “Virtually nothing to get the jobless back to work, while Democratic special interests and millionaires get a windfall. To use your words, Speaker Pelosi, you're fiddling with petty politics while millions of Americans are hurting.”

The bill doesn't include the paycheck guarantee program proposed by Rep. Pramila Jayapal (D., Wash.) that called for guaranteeing workers' wages and health benefits for three months, up to an annual salary of \$100,000 a worker. On Tuesday, Ms. Jayapal and Rep. Mark Pocan, the co-chairs of the Congressional Progressive Caucus, sent a letter to Mrs. Pelosi and Mr. Hoyer calling for a delay in the vote to review the legislation further.

—*Kate Davidson and Richard Rubin contributed to this article.*

READ THE PROPOSED 'HEROES ACT'

- [Health and Economic Recovery Omnibus Emergency Solutions Act](#) (May 12)