

Senate Reaches Bipartisan Agreement on Unprecedented \$6 Trillion Coronavirus Stimulus

Written by Christian Gomez | March 25, 2020



Wednesday morning, Senate Leaders Mitch McConnell (R-Ky.) and Chuck Schumer (D-N.Y.) announced that a bipartisan deal had been reached on the massive stimulus package, which McConnell described as a “wartime level of investment.”

The announcement was made hours after White House Director of the National Economic Council Larry Kudlow **revealed** that a \$6 trillion stimulus package (\$2.2 trillion in direct assistance from Congress and \$4 trillion in Federal Reserve

lending power) was imminent. At a colossal \$6 trillion, the stimulus package is equal to roughly 28 percent of the country's \$21.44 trillion gross domestic product (GDP) in 2019, and is by far the largest stimulus in U.S. history.

McConnell officially made the announcement on the Senate floor early Wednesday morning, shortly after 1:30 a.m. local time.

“I have an update for the information of all Senators and for the information of the American people, and it’s good news,” McConnell commenced. “It’s good news for the doctors and nurses in emergency rooms around the country, who are waiting for more masks and more funding. It’s good news for families all across America. At last we have deal.”

“After days of intense discussions, the Senate has reached a bipartisan agreement on a historic relief package for this pandemic,” McConnell announced.

The \$2.2 trillion bipartisan Senate bill would provide taxpayers with a one-time rebate check of \$1,200 for individual adults (\$2,400 for joint-filing), and \$500 for each child in a household. The payments would be phased out at \$75,000 in adjusted gross income based on 2018 tax returns.

The Senate bill also includes \$500 billion for a corporate credit program administered by the Federal Reserve, establishing an oversight board with an inspector general at the Treasury Department for the \$500 billion corporate liquidity program; \$357 billion in forgivable bridge loans for small businesses that keep paying their employees; \$150 billion for state and local governments, \$130 billion for hospitals; paying the full salaries of furloughed workers for up to four months; \$45 billion towards disaster relief; and \$27 billion to resupply the nation’s Strategic National Stockpile of masks, gowns, gloves, ventilators, and other medical supplies.

In addition to the \$2.2 trillion from Congress, the Federal Reserve will pump more than \$4 trillion into the economy and credit markets. On Wednesday, during the White House Coronavirus Task Force daily briefing, Treasury Secretary Steven Mnuchin further elaborated. “Treasury [Department] will have additional authorities. We have \$500 billion that we can use to work with the Federal Reserve for emergency programs that will create up to an additional \$4 trillion, if needed, to support American business and American workers in an unprecedented way.”

The agreement was reached after five days of intense back-and-forth negotiations between Democratic leaders, Senator McConnell, and the White House, after McConnell unveiled the original proposal on Friday, known as the “Coronavirus Aid, Relief, and Economic Security Act” or the “CARES Act” (S. 3548).

Article I, Section 7, Clause 1, also known as the “Origination Clause,” in U.S. Constitution explicitly states: “All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills.”

Because of this requirement, the Senate will use H.R. 748, the “Middle Class Health Benefits Tax Repeal Act of 2019,” which originally passed in the House on July 17, 2019, as the legislative vehicle to advance the new bipartisan CARES Act. The Senate will do so by striking the entire language of H.R. 748 through a substitute amendment, replacing the bill’s original language with that of the bipartisan CARES Act.

After the substitute amendment passes in the Senate, the H.R. 748 bill would return to the House for a new vote to concur with the Senate language before proceeding to the president’s desk for his signature.

“The bipartisan CARES Act will squarely address each of the four big priorities that I laid out in my legislation at the beginning of the process about a week ago,” McConnell elaborated. “It will rush financial assistance to Americans through direct checks to households from the middle class on down and through a significant and creative expansion of unemployment insurance during this emergency.”

“It will deliver historic relief to Main Street America through hundreds of billions of dollars in emergency loans, so more small businesses can survive this and keep paying their workers,” McConnell continued. “It will help secure our economic foundations and stabilize key national industries to prevent as many layoffs as possible, while keeping big companies accountable as both sides have sought to do.”

He also said that the bill would provide “major relief to hospitals and healthcare providers, invest in new medicines and vaccines” to defeat the coronavirus, which President Trump has dubbed the “invisible enemy.”

“In effect, this is a wartime level of investment into our nation,” McConnell added. His remarks were followed by Schumer, who described the \$130 billion for hospitals as “Marshall Plan for medical needs.” Schumer further touted the bill as being “the largest rescue package in American history.”

The Senate is expected to vote on the \$2.2 trillion stimulus bill as early as late Wednesday evening, after lawmakers finalize the full text of the bill and Senate Democrats have a chance to

review it. On Monday, the office of Senator Rand Paul (R-Ky.) **announced** that he tested positive for coronavirus, thus preventing him from being at the Senate to cast a vote.

However, should the bill pass in the Senate and in the House, Democrats are already eyeing a fourth one. “This is a good bill. We’ll need a good fourth bill,” said Representative Brad Sherman, the chairman of the House Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets, during a conference call with House Democrats on Wednesday.

On Monday, House Financial Services Committee Chairwoman Maxine Waters (D-Calif.), introduced an alternative and possible fourth coronavirus relief bill, known as the Financial Protections and Assistance for America’s Consumers, States, Businesses, and Vulnerable Populations Act (**H.R. 6321**), which includes three proposals from Rep. Sherman: (1) prohibiting financial institutions from reporting negative consumers credit during the course of the coronavirus pandemic, (2) waiving in-person appraisal requirements, and (3) requiring public companies to disclose their health and safety risks in the event that the World Health Organization declares a global pandemic.

The Maxine Waters bill additionally includes increased direct payments to taxpayers up to \$2,000 per eligible adult and up to \$1,000 per qualified individual under 18, based on an adjusted gross income of \$115,000 for single-filers or \$230,000 for joint filers. The bill also calls for the creation of a “digital dollar,” which the bill defines as “a balance expressed as a dollar value consisting of digital ledger entries that are recorded as liabilities in the accounts of any Federal Reserve Bank or ... an electronic unit of value, redeemable by an eligible financial institution (as determined by the Board of Governors of the Federal Reserve System.”

The \$2.2. trillion bipartisan Senate stimulus makes no provision for creating a digital dollar.

If you would like to contact your federal legislators in the House of Representatives and Senate to urge them to oppose the colossal \$6 trillion stimulus package (\$2.2. trillion Senate bill and \$4 trillion Federal Reserve injection), click [here](#) to send a prewritten, editable e-mail, tweet, phone call, or video message.