



## **BULLETIN #60/2020 MAY 7, 2020**

### **\_CORONAVIRUS UPDATE #46**

#### **NEW PPP UPDATES**

#### **MASS. UNEMPLOYMENT GROWS**

#### **MASS. HOUSE PASSES BORROWING BILL TO ADDRESS BUDGET GAP**

#### **SAFETY PRODUCTS AVAILABLE FROM REYNOLDS & REYNOLDS**

#### **NEXT NADA DEALERSHIP LIFELINE WEBINAR TOMORROW**

#### **MASSACHUSETTS COVID-19 DAILY TRACKER**

*[This bulletin supplements our previous bulletins #11 and #16 through #59 on this subject matter. These bulletins are intended to be cumulative so we can avoid repeating the same information.]*

#### **Treasury Releases More PPP Guidance**

The Treasury Department and Small Business Administration released additional Paycheck Protection Program guidance. The PPP allows loans of as much as \$10 million per borrower for payrolls, hiring back employees, and approved expenses. See NADA's [CARES ACT FAQs](#) for recent updates.

- [Interim Final Rule on Nondiscrimination and Additional Eligibility Criteria](#)
- [Frequently Asked Questions](#) (questions 44-45)
- [Summary of Round 2 Data](#) (updated May 6)

#### **NADA Releases Guide on Federal Aid Programs**

Today NADA released a concise [summary of federal aid programs](#) available to qualifying businesses to respond to the COVID-19 crisis. Dealers should review these options with their legal and financial advisors.

#### **Strain Builds in State as Nearly 1 Million Seek Jobless Aid; Another 55,000 New Applications in Mass.**

[Courtesy of *State House News Service*]

Close to 1 million Massachusetts workers have sought unemployment benefits since most of public life shuttered in mid-March to limit transmission of the highly infectious COVID-19, according to new data published today.



Between March 15 and May 2, state labor officials received nearly 780,000 applications for standard unemployment insurance. Another 185,000 claimants have sought aid through the Pandemic Unemployment Assistance program -- created by Congress to extend eligibility to gig workers, self-employed workers and others who do not qualify for traditional unemployment insurance -- since it launched in Massachusetts on April 20.

Cumulative standard and expanded claims together total about 960,000 in Massachusetts since March 15, based on the [latest figures](#) unveiled today, representing more than one-quarter of the state's entire labor force.

More details will emerge about the overall job losses stemming from the pandemic on Friday, when federal officials release national unemployment rate figures for the month of April. Massachusetts will publish similar state-level data on May 22.

Last week, Pioneer Institute researcher Greg Sullivan estimated that about one in four Massachusetts workers have lost jobs because of the business closures and economic downturn brought on by the pandemic. That number may have been pushed even higher with today's update.

Both the 55,000-plus applications filed at the state level and the 3.17 million [nationally](#) were the lowest one-week totals since the week ending March 21, which was the first span where the outbreak's devastating impact on employment became clear. However, both state and national weekly claims were once again several times higher than any pre-pandemic levels observed.

The rapidity with which the spike in need emerged is also unprecedented.

Over the past seven weeks, about 33.4 million Americans have filed for unemployment. From the December 2007 start of the Great Recession, the cumulative total of new weekly claims did not reach 33.4 million until mid-April 2009 -- a total of 73 weeks later -- though not all of those applications reflected concurrent unemployment.

In Massachusetts, the pandemic's economic impacts have been widespread but most acute for industries that rely on tourism and in-person consumers. The food and accommodation industry had the most ongoing claims, reflecting workers who sought more than one week of benefits, followed by retail trade and then health care and social assistance, according to state data covering the week ending May 2.

Non-essential businesses have been closed since March 24. Massachusetts has not moved as quickly as some other states to loosen restrictions, but some modifications have been made to open things up and larger changes seem on the horizon with a panel set to submit by May 18 recommendations for a phased reopening.

Gov. Charlie Baker said Wednesday that trends are positive in Massachusetts, but that underlying data does not support a quick, widespread reopening. More than 4,400 residents have died from COVID-19, and [new cases reported daily](#) are still ranging between 1,000 and 2,000.



The state Executive Office of Labor and Workforce Development said last week that, between March 15 and April 25, it had paid more than \$2.3 billion in benefits to nearly 700,000 recipients. Officials did not provide an updated estimate with Thursday's release of another week's data.

Massachusetts's unemployment insurance trust fund used to cover those costs dropped from a balance of \$1.63 billion on March 1 to \$748 million on April 16, according to U.S. Treasury [data](#). A Wall Street Journal [report](#) described that as the largest decline among all states.

To help stave off the fund's depletion -- which a Tax Foundation [report warned](#) last week is imminent -- Baker last month [requested federal loans](#) to cover \$900 million of unemployment benefits in May and \$300 million in June. His administration has not indicated if the application was successful.

### **Mass. House Turns to Borrowing to Plug State Cash Gap**

[Courtesy of *State House News Service*]

House lawmakers, many of whom watched on computer screens miles from the State House, took an historic and unanimous vote yesterday to authorize the Treasury to borrow billions of dollars as needed through June to meet the state's financial obligations during the ongoing fight against the spread of the deadly Coronavirus.

House Ways and Means Chairman Aaron Michlewitz, speaking from the House chamber with a mask covering his nose and mouth, said that Treasurer Deb Goldberg may need to borrow as soon as this month to balance the state's outflow of cash, which is not being replenished as fast as it otherwise might.

State revenue officials reported Tuesday that April tax collections had fallen off 54 percent compared to the same month in 2019, and missed budgeted estimates for the month by nearly \$2.2 billion.

April is the state's largest tax revenue month of the year, and Michlewitz called the losses a "staggering number." He and other experts have said a "large portion" of the drop in revenues could be because of the extended income tax filing deadline. If that assumption is correct, it would allow the state to quickly recoup some of the losses in July to begin repaying a large short-term debt by the end of fiscal 2021.

"We estimate that the level of borrowing could be in the range of \$3 billion, but the overall amount will depend on a number of different factors, from our progress in combating the virus to the economic situation we find ourselves in over the coming months," Michlewitz said.

The 157-0 vote marked the first occasion in its nearly 400-year history that the House has used a roll call to pass legislation with most members participating remotely using computers and phones to monitor the proceedings and send in their votes. Remote



participation was authorized this week in new emergency rules.

The bill now moves to the Senate, which plans to hold a session on Thursday when Senate President Karen Spilka's office said her intention is to engross the bill and adopt its own rules for remote participation so that the bill can be enacted by a roll call when it comes back from the House.

The House has an informal session scheduled for Thursday, but needs another formal session to take one more roll call, likely next week, before the bill can reach Gov. Charlie Baker's desk.

House Speaker Robert DeLeo presided over the first-of-its-kind session, commemorating the occasion with a moment of silence for all of those who have died in Massachusetts and around the world from COVID-19. Another 208 deaths in Massachusetts were reported on Wednesday, bringing the state total to 4,420.

"Standing in front of a virtual empty chamber, it is a stark reminder of what our commonwealth is facing, both from a public health standpoint and from an economy that has been placed in a self-induced coma while we confront this virus," Michlewitz said.

A small number of other legislators were also present in person for the vote, including "monitors" who received and tallied the votes of their colleagues participating remotely. The new process was the result of weeks of planning and negotiations between Democrats and Republicans and ran fairly smoothly. The roll call on the legislation took under seven minutes.

Minority Leader Brad Jones, however, said it was clear that some of the kinks still need to be ironed out, particularly with remote debating, before the House will be ready to tackle more contentious or complicated legislation, like the annual budget, which usually features hundreds of amendments.

The biggest noticeable glitch occurred when Ways and Means Vice Chairwoman Denise Garlick tried to speak via teleconference with what sounded like a livestream of the session playing on delay in the background. The result was a distracting feedback that would be familiar to listeners of talk radio.

The only legislator not to vote on Wednesday was Rep. Harold Naughton, a Clinton Democrat who is not seeking reelection and is currently mobilized on active duty for the Massachusetts Army National Guard through at least May 13, according to a letter submitted to the clerk by Speaker Pro Tempore Patricia Haddad.

Two other House seats remain vacant, with special elections scheduled for June 2.

Michlewitz called the bill (H 4677) filed by Gov. Charlie Baker in late March "fairly straightforward, but also extremely timely."

The governor proposed the short-term borrowing bill in tandem with the decision by his administration and the Legislature to postpone the state income tax filing deadline from



April 15 to July 15, in unison with the federal extension.

"However, unlike the federal government, our fiscal year ends in the middle of those dates. So in essence we are moving our income tax revenue from one fiscal year to another. Also unlike the federal government, we are unable to spend into a deficit," Michlewitz said.

"Without the anticipated revenue from those filings, the state will begin to have a serious cash flow problem as early as the end of May. We could also begin to run into a problem with the credit agencies without some certainty for the remainder of FY20," he said.

Whatever money the Treasury does have to borrow, the bill requires that it be repaid in fiscal 2021, which ends on June 30, 2021.

Standard & Poor's Global Ratings, one of the major credit agencies, said as recently as last month that even without the additional cash flow financing bill it anticipated that Massachusetts would have sufficient liquidity to cover expenses for the remainder of fiscal year 2020.

The credit agency, however, assumed that a worst case scenario might be a 39 percent decline in projected tax revenue in April, May and June, and the April figures showed a drop off of more than 50 percent.

If some businesses do begin to reopen as soon as May 18, as Gov. Baker suggested on Wednesday, that could start to relieve some budgetary pressure on the state.

Rep. Todd Smola, a Warren Republican and the ranking minority member of the Ways and Means Committee, also celebrated the bipartisan cooperation in recent years that led to the building of a \$3.5 billion reserve fund.

"This is not an action that we take today about survival, but more this is a measure to help ensure that the commonwealth of Massachusetts will succeed in this unprecedented time," Smola said.

### **Daily Massachusetts COVID-19 Tracker**

The state's COVID-19 Dashboard with up-to-the date data can be found [here](#).

Today the Commonwealth of Massachusetts reported 132 new virus-related deaths, for a total of 4,552, thus far. Of that number, 95.2% (4,335) are people who were 60 years of age and older; the average age was 82.

### **COVID-19 Safety Products to Help Your Dealership Keep Running**

Reynolds and Reynolds, your Association's endorsed provider for dealership documents, has created a new line of products to help keep your employees and customers safe during this pandemic crisis, including face masks, hand sanitizer, desk shields, and social distancing signage. Reynolds is offering these products exclusively to their dealership



partners and can be your one-stop shop for safety-related products.

To order such products, contact your Reynolds sales rep, or call (800) 344-0996, or contact them by email at [RDS@reyrey.com](mailto:RDS@reyrey.com).

### **Next NADA Dealership Lifeline Webinar Friday, May 8**

NADA is working around the clock to make sure dealers have the information they need to combat COVID-19 disruptions. There's no such thing as too many good ideas, so register ASAP.

· **Friday, May 8, 1pm-2pm ET:** [\*Accelerating Automotive Trends that Google is Seeing in Times of COVID-19\*](#). Lissette Gole, Google's head of Automotive Retail, will do a deep dive on today's faster industry cycle and how dealers can take stay on top of new trends.