



NEWS RELEASE

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SHELBY, THUNE, WICKER UNVEIL LIQUIDITY ASSISTANCE FOR DISTRESSED AMERICAN INDUSTRIES WITHIN COMPREHENSIVE CORONAVIRUS PACKAGE

WASHINGTON, D.C. – Senate Appropriations Committee Chairman Richard Shelby (R-Ala.), Senate Majority Whip John Thune (R-S.D.), and Senate Commerce Committee Chairman Roger Wicker (R-Miss.) today released “The Coronavirus Economic Stabilization Act of 2020” as part of the [broader Senate economic response package](#). The legislation allows the Treasury Secretary to provide up to \$208 billion in collateralized loans and loan guarantees to American industries whose operations are jeopardized as a direct result of the coronavirus outbreak. Of the \$208 billion, \$58 billion is allocated to facilitate liquidity in the airline sector, and an additional \$150 billion is provided for the same purposes in other distressed sectors of the American economy. The legislation does not provide grants to or bailouts for the airlines or other industries.

“American businesses didn’t cause this crisis, and aggressive action is warranted to ensure they have the liquidity necessary to weather its direct impacts. But let’s be crystal clear about what we are and are not doing here. We are not bailing out the airlines or other industries – period. Instead, we are allowing the Treasury Secretary to make or guarantee collateralized loans to industries whose operations the

coronavirus outbreak has jeopardized. In my judgment, this approach strikes an appropriate balance between providing assistance and protecting taxpayers,” **stated Chairman Shelby.**

“These are extraordinary times that require swift and bold action from the federal government,” **said Majority Whip Thune.** “The legislative proposals we’re announcing today, while not a silver bullet, rise to the occasion. They provide critical tools to industries throughout the country that help support the entire U.S. economy and have been pummeled by the ongoing coronavirus outbreak, at no fault of their own. I look forward to supporting these and other measures that will continue to support American families and small businesses, strengthen our economy, and give our nation’s health care community the tools it needs in this fight.”

“The global coronavirus pandemic requires strong and decisive action from the federal government,” **Chairman Wicker said.** “During this time of unprecedented economic uncertainty, it is critical that air carriers and other impacted industries have the resources they need to continue operations. This recovery package would support the hard-hit workers and businesses who bear no responsibility for this crisis.”

Summary of The Coronavirus Economic Stabilization Act of 2020

- The legislation provides a total of \$208 billion to the Secretary of the Treasury, through the Exchange Stabilization Fund, to provide sufficiently collateralized loans and loan guarantees to eligible entities, broken out in the following amounts:
 - Up to \$50 billion for passenger air carriers;
 - Up to \$8 billion for cargo air carriers; and
 - Up to \$150 billion for other eligible entities.
- The Treasury Secretary is afforded flexibility to provide collateralized loans and loan guarantees to domestic entities “that have incurred losses as a direct result of the coronavirus global pandemic” so they can maintain operations.

- Entities eligible for loans or loan guarantees are those for whom credit is not otherwise reasonably available at the time of the transaction.
- An entity is only eligible for relief if the Treasury Secretary determines its continued operations are jeopardized as a result of losses stemming directly from the coronavirus outbreak.
 - Interest rates on any loans extended by the Treasury Secretary may be no less than the current average yield on outstanding marketable obligations of the United States of comparable maturity.
- The legislation explicitly bars the Treasury Secretary from using the funds provided to make grants or direct cash payments to entities: “Nothing in this Act shall be construed to allow the President or [Treasury] Secretary to provide relief to eligible entities except in the form of sufficiently collateralized loans and loan guarantees.”
- The legislation also mandates that entities receiving assistance under the Act do not increase compensation for, or provide golden parachutes to, executives over a two-year period from the date of enactment.
- The legislation directs the Secretary of the Treasury, to the extent feasible and practicable, to ensure that the Government is compensated for the risk assumed in making loans and loan guarantees. To that end, “the [Treasury] Secretary is authorized to enter into contracts under which the Government, contingent on the financial success of the eligible entity, would participate in the gains of the eligible entity or its security holders through the use of such instruments as warrants, stock options, common or preferred stock, or other appropriate equity instruments.”

[The Coronavirus Aid, Relief, and Economic Security Act](#)

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