



*In classic Greek mythology, a golden apple of discord inscribed "For the fairest" was awarded to Aphrodite, beginning a chain of events that led to the Trojan War. GrayRobinson's newsletter reports on the most recent issues, individuals, and discourse deemed fairest in Washington.*

June 5, 2020

### **President signs legislation to extend, expand PPP**

This morning President Trump signed into law [HR 7010](#), the Paycheck Protection Program Flexibility Act, which the Senate approved by voice vote on June 3. The new law gives businesses more time and flexibility to spend funds they receive through the PPP and still be eligible for loan forgiveness. The PPP loan forgiveness period has been extended from eight weeks to 24 weeks after a loan is issued or through December 31, whichever comes first. Businesses can apply for forgiveness if they hire back furloughed employees by December 31, instead of the original June 30 deadline. It allows PPP borrowers to spend up to 40% of those funds on expenses other than payroll, raising the earlier 25% limit. It allows businesses with forgiven PPP loans to defer their payroll tax payments, which the CARES Act had prohibited, and it allows borrowers to defer principal and interest payments on PPP loans until the Small Business Administration compensates lenders for any forgiven amounts.

### **DeFazio proposes sweeping infrastructure legislation**

Rep. Peter DeFazio (D-OR), Chairman of the House Committee on Transportation and Infrastructure, this week released the [Investing in a New Vision for the Environment and Surface Transportation \(INVEST\) in America Act](#), which would authorize nearly \$500 billion over five years to repair and rebuild roads, bridges, transit systems and other infrastructure. The proposal, which is cosponsored by Reps. Dan Lipinski (D-IL) and Eleanor Holmes Norton (D-DC), would prioritize carbon pollution reduction, public transit and the national rail network, and projects that integrate technology and innovative materials.

### **Senate Banking Committee discusses new sanctions on China over Hong Kong crackdown**

The Senate Banking Committee held a [hearing yesterday](#) to review US policy tools that might deter the Chinese government from imposing strict new controls on Hong Kong. Witnesses endorsed a [plan offered by Senators Patrick Toomey \(R-PA\) and Chris Van Hollen \(D-MD\)](#) that would impose new sanctions not only on "persons or entities" that participate in enacting or enforcing restrictions on Hong Kong, but also on the financial institutions that serve these people and entities. Senators and witnesses cited HSBC and Jardine Matheson Holdings as two examples of businesses that have already agreed to support the enactment of the National Security Act, which would allow China to designate a wide range of activities and speech as "subversive."

## Brown calls for “tough compliance examinations and enforcement of Reg BI”

Senator Sherrod Brown (D-OH), ranking member of the Senate Banking Committee, [wrote to Securities and Exchange Commission Chairman Jay Clayton](#) this week to remind the agency to prioritize investors rather than investment advisers as it implements the new Regulation Best Interest. Brown noted that he had opposed the regulation, and said that the regulation’s shortcomings make it especially important that the SEC enforces it rigorously. He said that Clayton’s recent statement that SEC examiners would be focusing on whether firms were making “a good faith effort” to comply suggested that “investors do not come first and sends the message that investors protection is not a priority.”

## CFPB updates guidance on ARMs, proposes rule to help transition from LIBOR

The Consumer Financial Protection Bureau (CFPB) [released updated guidance](#) for consumers and lenders on adjustable rate mortgages as the industry transitions away from the LIBOR benchmark index. The new Consumer Handbook on Adjustable Rate Mortgage is simpler and shorter than its predecessor. The CFPB also issued a notice of proposed rulemaking that would revise Regulation Z requirements for change-in-terms disclosures for home equity lines of credit and credit card accounts as lenders move away from LIBOR. The proposed rule is open for comment until August 4.

## CFPB temporarily reduces Reg Z requirements for credit card issuers

The CFPB also issued “[temporary and targeted flexibility](#)” for credit card lenders during the pandemic, to allow them to provide certain disclosures electronically instead of in writing to consumers who apply for new credit card accounts or balance transfers, without obtaining “E-Sign” consent.

## Confirmations, Nominations, Departures, etc.

- **Hester Peirce** has been nominated for a second term as a member of the Securities and Exchange Commission. Her current term expires today; if confirmed, her second term would go until 2025.
- The Senate confirmed **Brian Miller** as Special Inspector General for Pandemic Recovery (SIGPR) by a vote of 51-40.

## Next Week in Washington

- **June 9 at 10:00 a.m.** Senate Committee on Banking, Housing, and Urban Affairs holds a hearing on “[Oversight of Housing Regulators](#).” Secretary of Housing and Urban Development Ben Carson and Federal Housing Finance Agency Director Mark Calabria will testify.
- **June 9 at 10:00 p.m.** Senate Committee on the Judiciary holds a hearing on “[COVID-19 Fraud: Law Enforcement’s Response to Those Exploiting the Pandemic](#).”
- **June 9 at 2:30 p.m.** Senate Committee on Finance holds a hearing on “[Unemployment Insurance During COVID-19: The CARES Act and the Role of Unemployment Insurance During the Pandemic](#).” Secretary of Labor Eugene Scalia will testify, along with policy experts, state officials, and representatives of the private sector.

- **June 10 at 10:00 a.m.** Senate Committee on Small Business & Entrepreneurship holds a hearing on "[Implementation of Title I of the CARES Act.](#)" Secretary of the Treasury Steven Mnuchin and Small Business Administrator Jovita Carranza will testify.
- **June 10 at 12:00 noon** House Financial Services Subcommittee on Housing, Community Development, and Insurance holds a virtual hearing on "[The Rent is Still Due: America's Renters, COVID-19 and an Unprecedented Eviction Crisis.](#)"
- **June 10 at 1:00 p.m.** House Committee on Small Business holds a remote hearing on "[The Economic Injury Disaster Loan Program: A View from Main Street.](#)"
- **June 11 at 12:00 noon.** House Financial Services Task Force on Financial Technology holds a virtual hearing on "Inclusive Banking During a Pandemic: Using FedAccounts and Digital Tools to Improve Delivery of Stimulus Payments."

## The Ellis Insight

Jim Ellis reports on political news

### President

**North Carolina Polls:** Three different pollsters report new presidential data coming from the critical state of North Carolina. Each project different margins, yet the cumulative conclusion is, not surprisingly, that the race languishes in toss-up mode.

Public Policy Polling (6/2-3; 949 NC registered voters) finds former Vice President Joe Biden leading President Trump, 49-45%; Change Research (5/29-31; 806 NC likely general election voters) finds Mr. Biden's edge to be only 46-45%; finally, Harper Polling (5/25-28; 500 NC likely general election voters) sees the President posting a 47-44% advantage. Regardless of which candidate is leading, all three pollsters find the two men within in the margin of polling error. In 2016, while trailing for most of the race, President Trump carried the state, 50-46 percent.

### Senate

**Arizona:** Fox News tested the Arizona electorate (5/30-6/2; 1,002 AZ registered voters) and while they post improving numbers for President Trump (trailing Joe Biden 42-46%), they find retired astronaut Mark Kelly (D) continuing to build a substantial lead over appointed Sen. Martha McSally (R). These results find Mr. Kelly posting a 50-37% advantage.

**Georgia:** The postponed Georgia primary is scheduled for this coming Tuesday, and a new Cygnal poll finds former congressional candidate Jon Ossoff knocking on the door of a majority win in the Democratic primary. According to the survey (5/28-30; 510 GA likely Democratic primary voters), Mr. Ossoff leads former Columbus Mayor Teresa Tomlinson, 49-16%, with the remaining five candidates splitting the small remainder of votes. Landmark Communications, polling for WSB-TV in Atlanta (6/1; 500 GA likely Democratic primary voters), sees a different mix finding Mr. Ossoff capturing only 42% support, far below the 50% necessary to clinch the nomination. Ms. Tomlinson is second with 14%, while 2018 Lt. Governor nominee Sarah Riggs Amico records only 9% support. If a candidate receives 50% plus one vote on Tuesday, the individual is nominated. If not, a run-off between the top two finishers will be held August 11th.

**Iowa:** Real Estate executive Theresa Greenfield won Tuesday's Democratic US Senate primary but failed to reach the 50% mark against two opponents. She now opposes first-term Sen. Joni Ernst (R) in the general election that promises to become highly competitive.

**New Mexico:** Rep. Ben Ray Lujan (D-Nambe) was unopposed in this week's open US Senate Democratic primary. The Republican winner is Albuquerque television weatherman Mark Ronchetti in a race that clearly favors the Congressman. Sen. Tom Udall (D) is retiring after serving two terms.

**South Dakota:** Both US Senator Mike Rounds (R) and at-large Rep. Dusty Johnson (R-Mitchell) secured second terms last night. Sen. Rounds faces little opposition in November, and Rep. Johnson is now unopposed in the general election.

**Wyoming:** Candidate filing in Wyoming is complete in anticipation of the state's August 18th primary election. Former US Rep. Cynthia Lummis (R) looks well positioned to capture the open GOP Senate nomination, which should be tantamount to election in November. The ten-candidate field actually features two candidates living in other states, one in Arizona and the other in Pennsylvania. The only sitting elected official competing is Converse County Commissioner Bob Short. Former County Court Judge John Holtz is also a contender.

## House

**Indiana:** In the open 1st Congressional District, North Township Trustee Frank Mrvan won Tuesday's Democratic primary and will replace retiring Rep. Peter Visclosky (D-Merrillville/Gary) in November. A total of 14 candidates competed for the Democratic nomination in what is one of two safe Hoosier State Democratic seats. Rep. Visclosky had endorsed Mr. Mrvan as his successor. The general election now is a mere formality.

In the open 5th District, state Sen. Victoria Spartz (R-Noblesville) scored a strong Republican primary victory overcoming a wave of negative attack ads lodged against her. She will face former state Representative and 2016 Lt. Governor nominee Christina Hale in the general election. The seat is Republican, but Democrats look to compete for the seat in November. Rep. Susan Brooks (R-Carmel) is retiring after four terms.

**Iowa:** The big news this week was the defeat of embattled Rep. Steve King (R-Kiron) in the 4th District Republican primary. Mr. King becomes the second incumbent to be denied re-nomination in this election cycle, joining Illinois Rep. Dan Lipinski (D-Western Springs) who lost his Democratic primary in March.

Rep. King had become embroiled in controversy involving racial comments that led to his being stripped of his committee assignments. This opened the door for state Sen. Randy Feenstra (R-Hull/Sioux County) to win Tuesday's Republican primary with a 46-36% margin. Mr. Feenstra will now face 2018 Democratic nominee J.D. Scholten in the general election. The 4th is Iowa's most Republican district, so Sen. Feenstra becomes the favorite to win in November.

The other three congressional districts will also be competitive in the Fall. In the 1st CD, freshman Rep. Abby Finkenauer (D-Dubuque) will face a challenge from Cedar Rapids area state Representative and former television news anchor Ashley Hinson (R).

In the open 2nd District to replace retiring Rep. David Loebsack (D-Iowa City), ex-state Senator and former Lt. Governor nominee Rita Hart will be favored over frequent congressional candidate Marianne Miller-Meeks (R), who is now a state Senator.

The 3rd District features the expected re-match between Rep. Cindy Axne (D-Des Moines) and former Rep. David Young (R). This, too, will be a highly competitive general election contest.

**KS-2:** For months, state Treasurer Jake LaTurner has been challenging freshman Rep. Steve Watkins (R-Topeka) in the Republican primary. Just as the candidate filing deadline was expiring a surprise candidate joined the race. Former Kansas Department of Administration director and previous congressional candidate (1982) Dennis Taylor is now the third candidate in the race. Rep. Watkins is vulnerable in this primary, and the addition of Mr. Taylor could actually help him win re-nomination with just a plurality.

**New Mexico:** In the southern 2nd District, 2018 Republican nominee Yvette Herrell, in what became a nasty primary battle, defeated New Mexico Oil & Gas Association president Claire Chase in the June 2nd GOP primary, to again oppose freshman Rep. Xochitl Torres Small (D-Las Cruces). Democrats believed Herrell would be the weaker general election opponent, so Congresswoman Torres Small starts out as a favorite in a district that President Trump will carry by a substantial margin

In the open safely Democratic 3rd District, former Clinton Administration White House Fellow and attorney Teresa Leger Fernandez won the Democratic primary and a ticket into the next Congress with a victory over former CIA agent Valerie Plame and state Rep. Joseph Sanchez (D-Alcalde). The northern 3rd CD that Mr. Lujan currently represents is safely Democratic meaning last night's primary election was the deciding factor.

**NY-15:** A surprising poll was released regarding the crowded open seat primary to replace retiring New York Rep. Jose Serrano (D-Bronx). Data for Progress just released a survey taken in late May (5/21-24; 323 likely NY-15 Democratic primary voters) that finds the most conservative of the dozen candidates vying for the Democratic nomination leading the pack of candidates in what is the most anti-Trump district in the country (Trump: '16: 4.9%).

New York City Councilman and former state Senator Ruben Diaz, Sr. tops the poll with 22% nipping New York City Councilman Ritchie Torres (20%), who entered the primary even before Rep. Serrano announced his retirement. A trio of candidates, state Assemblyman Michael Blake, former New York City Council Speaker Melissa Mark-Vivierito, and New York City Councilman Ydanis Rodriguez, all lag behind with 6% preference. The New York primary is scheduled for June 23rd.

**NY-16:** A pair of Rep. Eliot Engel's (D-Bronx) Democratic primary opponents have joined forces. Middle School principal Jamaal Bowman appears to be the 16-term incumbent's top opponent, and now educator Andom Ghebreghiorgis has ended his campaign and endorsed Mr. Bowman. The 16th District is heavily Democratic (Clinton '16: 75-22%) so the victor in the June 23rd primary wins the general election. Republicans did not even file a candidate.

The Congressman also made a mistake that could make this contest more interesting. In arguing that he should be allowed to speak before a Bronx Borough news conference, Rep. Engel was caught on tape saying, "if I didn't have a primary, I wouldn't care" after the meeting leaders indicated they could not fit him onto the agenda.

**Pennsylvania:** Rep. Brian Fitzpatrick's (R-Levittown) 57% Republican primary result is a weak showing as he heads into a competitive general election.

Turning to the competitive 7th District, Republican former Lehigh County Commissioner Lisa Scheller topped former Lehigh County Commissioner Dean Browning, 52-48%. She now challenges freshman Rep. Susan Wild (D-Allentown).

And, in the tight 8th District, former Export-Import Bank official Jim Bognet slipped past Afghan War veteran Teddy Daniels in the GOP primary. Mr. Bognet now opposes Rep. Matt Cartwright (D-Moosic/Scranton) in a race that should be competitive.

In another contested race, State Auditor Eugene DePasquale won the Democratic nomination in the Harrisburg/York district, with a 63% vote total. He will challenge Rep. Scott Perry (R-Dillsburg) in a race that promises to yield another tight finish.

**TX-23:** National Republicans appear to be already conceding the district that stretches from San Antonio all the way to El Paso, but a new Remington Research poll may change minds, particularly if other non-public data is producing similar results.

According to RR (5/19-20; 669 TX-23 likely general election voters) Gina Ortiz Jones (D) records only a 45-43% lead over retired Navy non-commissioned officer Tony Gonzales (R). Such a spread is consistent with this district's voting history. At the present time, Mr.

Gonzales is locked into a Republican runoff that won't be decided until July 14th, which is another negative for the GOP though he is heavily favored to win the secondary election. It remains to be seen if this race becomes targeted.

## Governor

**Indiana:** Tuesday night's primary election results played out as expected. The two gubernatorial candidates, Republican Gov. Eric Holcomb and Democratic former Health Commissioner Woody Myers, were unopposed in their respective primaries. Gov. Holcomb is a solid favorite for re-election.

A BK Strategies survey (5/20-21; 600 IN likely general election voters) released right before the primary finds Gov. Holcomb, boasting a 79:15% favorable to unfavorable rating, and jumping off to a 43-point lead over Mr. Myers, who is virtually unknown to the statewide electorate. According to the BK Strategies results, Gov. Holcomb enjoys a 64-21% lead with only 18% saying they know enough about Mr. Myers to form an opinion.

**Utah:** Pollster Scott Rasmussen conducted a survey for the Utah Deseret News (5/25-31; 494 UT likely Republican primary voters) and projects the race to replace retiring Gov. Gary Herbert (R) getting closer. The new data finds Lt. Gov. Spencer Cox maintaining the Republican primary lead, but his margin has now shrunk to 30-23% over former Governor and US Ambassador Jon Huntsman, while former state House Speaker Greg Hughes is gaining significant momentum. The latter man has risen from low single digits to 19% and has a chance to force a three-way race for the June 30th primary.

**Vermont:** Candidate filing closed in Vermont, and Republican Gov. Phil Scott has jumped out to a major lead according to a new We Ask America survey (6/2-3; 500 VT likely general election voters). The results find the two-term Governor holding a 60-25% margin over Lt. Gov. David Zuckerman (D) and a 62-20% margin over former state Education Secretary Rebecca Holcombe if she were to win the August 11th Democratic primary. Gov. Scott also posts an 82% job approval rating with a right track/wrong track ratio of 56:24% positive.

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