

Postal Loan Forgiveness

Background. Under Section 6001 of the CARES Act, if the USPS determines that, due to the COVID-19 emergency, the USPS will not be able to fund operating expenses without borrowing money, the USPS can borrow up to \$10,000,000 to be used for such operating expenses which may only be used to cover COVID-19 related costs. The Treasury Department and the USPS have negotiated terms in order to access the loan authorized in CARES. Since the passage of the CARES Act, the USPS has accessed short-term notes through other borrowing authorities, withheld Employer Social Security, and had substantial revenue increases in their package business, avoiding the necessity of accessing the Treasury loan offer. To-date, USPS has not executed its borrowing authority.

Loan forgiveness. During negotiations throughout the summer and fall, Democrats demanded exorbitant bailout provisions for the USPS. The administration offered instead to forgive the loan authorized by the CARES Act should the USPS need to access it. This provision would add one line to the CARES Act memorializing the offer to forgive the CARES Act loan, should it be needed, pursuant to the terms laid out in the CARES Act.

Temporary Acceptance of Low Risk Postal Shipments

Background. In October 2018, the Synthetics Trafficking and Overdose Prevention (“STOP”) Act was signed into law as part of the SUPPORT for Patients and Communities Act. The STOP Act resulted from a PSI investigation that showed online drug dealers in China preferred using the U.S. Postal Service (“USPS”) to ship fentanyl into the United States. These drug dealers were exploiting a loophole, which allowed packages to be shipped into the United States through USPS with no identifying data (shipper, recipient, contents, and weight) referred to as advance electronic data (“AED”). Customs and Border Protection (“CBP”) uses AED to target packages likely to contain illegal items, including fentanyl and other synthetic opioids. The STOP Act closed this loophole by requiring AED on all packages shipped through USPS by January 1, 2021. This same requirement was placed on private express carriers (like FedEx and UPS) in 2002 following the September 11 terrorist attacks.

STOP Act Requirements. The STOP Act requires USPS to refuse any package shipped into the United States without AED starting January 1, 2021. CBP has yet to finalize needed regulations regarding how USPS will refuse packages, including how to execute appropriate mitigation efforts available under the STOP Act. This lack of regulations will create substantial confusion regarding implementation on January 1.

Packages refused. Despite having the capacity to provide AED, some countries still fail to provide it on the majority of packages. These countries include United Kingdom, Germany, Canada, Japan, and Australia and are the most likely to have a substantial number of packages refused. China is the most compliant and provides AED on over 80 percent of its packages.

Temporary acceptance of low risk packages. This legislation would continue to require AED on all packages entering the United States, but allow for the temporary acceptance of packages until March 15, 2021 without AED *if* CBP determines the packages are low risk for containing illegal items, including fentanyl and other synthetic opioids. This additional time coincides with a requirement by the European Union that AED be provided on shipments before loaded onto a plane.¹ It will also give CBP the opportunity to finalize needed regulations.

¹ In line with the U.S. requirement, Spain, France, and Germany have all indicated that starting January 1, packages without AED will be delayed or considered inadmissible and returned to sender.