



TTAA Legislative Update

September 21, 2020

TTAA Signs onto PPP Forgiveness Letter

Dear Majority Leader McConnell, Speaker Pelosi, Democratic Leader Schumer and Minority Leader McCarthy:

The undersigned associations representing thousands of banks, credit unions, financial institutions, nonprofits and businesses of all sizes that serve America's consumers write to express our strong support for S. 4117, The Paycheck Protection Program Small Business Forgiveness Act, sponsored by Senators Kevin Cramer, Bob Menendez, Thom Tillis and Kyrsten Sinema and H.R. 7777, The Paycheck Protection Small Business Forgiveness Act, sponsored by Reps. Chrissy Houlahan and Fred Upton.

We ask that Congress immediately pass these much-needed bipartisan pieces of legislation, supported by a third of the Senate and 77 members of the House of Representatives, that would streamline the forgiveness process for mom-and-pop businesses who received Paycheck Protection Program loans during these unprecedented times.

The Paycheck Protection Program (PPP), established by Congress, provided millions of small businesses the economic relief they needed to meet the challenges posed by the COVID-19 crisis. Now that the program has ended, small business owners and nonprofits are facing the challenges of reopening local economies in a time of uncertainty, retooling their businesses, working to protect the health of both customers and employees, and serving the needs of the community. Small businesses across the country are facing the time-consuming and costly process of applying for PPP loan forgiveness. S. 4117 and H.R. 7777 ensure those businesses can focus their time, energy, and resources back into their business and communities instead of allocating significant time and resources into completing complex forgiveness forms.

America's small businesses, and the millions of men and women who work at

them, are the foundations of communities across the country and the economy and in order to assist them, we urge Congress to quickly pass these pieces of legislation that would forgive PPP loans of less than \$150,000 upon the borrower's completion of a simple, one-page forgiveness document.

PPP loans of \$150,000 and under account for 87 percent of total PPP recipients, but less than 28 percent of PPP loan dollars. Expediting the loan forgiveness process for many of these hard-hit businesses would save more than \$7 billion and hours of paperwork.

Data provided in an independent analysis by AQN Strategies (AQN) has shown an estimated benefit of issuing auto-forgiveness for various loan size thresholds.¹ AQN anticipates the combined resource requirements of operators' time and/or third-party expenses to represent an effective cost of \$2,000-\$4,000 for each business that applies for forgiveness, requiring 20-100 hours of focused time from key leaders of these businesses. With an average loan size of less than \$19,000 for the smallest 60% of loans, this estimate would represent 10-20% of the loan amount itself, which is otherwise intended to support payroll, rent, and other obligations necessary to keep businesses alive and ready to restart. In addition, AQN's analysis suggests that the cost to businesses and lenders would be lower than the cost for the government to auto-forgive loans.

On behalf of our members and the millions of small business we serve, we urge you to improve the PPP forgiveness process and support S. 4117 and H.R. 7777. Time is of the essence and we look forward to working with you to pass these critical bills.

Speaker Pelosi Affirms House Stays In Session Till Stimulus Deal Is Passed

Speaker Pelosi affirmed last week, after conferring with her caucus, that the House will remain in session until a bi-partisan stimulus deal is reached and passed.

She told CNBC, "I just got off a call with my colleagues; we are committed to staying here until we have an agreement that meets the needs of the American people. . . . We're optimistic that the White House, at least, will understand that we have to do some things."

There's still no deadline for an agreement—talks could extend into October.

A fifty-member House caucus of prominent leaders known as the Problem Solvers

Caucus, which includes WOTC supporters from both parties, has met with Speaker Pelosi and offered a \$1.5 trillion compromise package which they believe meets the needs of both parties.

Speaker Pelosi wasn't moved by the Problem Solvers Caucus proposal, she intends to negotiate her own deal with the White House.

Nevertheless, much of the language of the Problem Solvers Caucus measure is likely to draw upon prior bills like the HEROES Act and earlier McConnell measures.

Coalition Letter in Support of HR 7894 PPP Small Business Enhancement Act

Dear Speaker Pelosi, Leader Hoyer, Leader McCarthy, Whip Scalise, Chairwoman Velasquez and Ranking Member Chabot:

On behalf of the undersigned organizations, we write to convey our strong support for the Paycheck Protection Program Small Business Enhancement Act (H.R.7894). This bi-partisan bill would provide critical help for the small businesses and organizations which continue to face unprecedented challenges as they fight to survive and recover from the ongoing COVID-19 crisis. We respectfully urge Congress to promptly enact the provisions set forth in this bill. To this end, we ask the House Committee on Small Business to include H.R. 7894 in an upcoming markup hearing with the ultimate goal of these provisions being signed into law.

If enacted, the Paycheck Protection Program Small Business Enhancement Act would:

- Provide businesses that have experienced a reduction in gross receipts of more than 20% as compared to last year with the opportunity to apply for a second Paycheck Protection Program (PPP) loan;
- Allow 501(c)(6) nonprofits, like local chambers and trade associations, to receive PPP loans for the first time;
- Permit business to use PPP loan funds on protective equipment and COVID-19 testing expenses;
- Allow businesses to receive their regular tax deductions for eligible expenses paid with PPP loan funds;
- Provide PPP lenders with a robust safe harbor from liability for the statements and representations of borrowers; and

- Allow automatic forgiveness for loans under \$150,000 while maintaining the ability of SBA to audit those loans for compliance.

America's small businesses and the 501(c)(6) nonprofits that support them will be essential to stabilizing and rebuilding our economy. The Paycheck Protection Program Small Business Enhancement Act would provide these entities with critical funding which they will surely need to help shoulder this enormous task.

We thank you for your consideration of this matter and stand ready to provide any additional information or support that may be required to help enact these commonsense provisions.

U.S. Department of Labor Revises Regulations to Clarify Paid Leave Requirements under the Families First Coronavirus Response Act

The U.S. Department of Labor's Wage and Hour Division (WHD) posted revisions to regulations that implemented the paid sick leave and expanded family and medical leave provisions of the Families First Coronavirus Response Act (FFCRA).

The revisions made by the new rule clarify workers' rights and employers' responsibilities under the FFCRA's paid leave provisions, in light of the U.S. District Court for the Southern District of New York's August 3, 2020 decision that found portions of the regulations invalid.

The revisions do the following:

- Reaffirm and provide additional explanation for the requirement that employees may take FFCRA leave only if work would otherwise be available to them.
- Reaffirm and provide additional explanation for the requirement that an employee must have employer approval to take FFCRA leave intermittently.
- Revise the definition of "health care provider" to include only employees who meet the definition of that term under the Family and Medical Leave Act regulations or who are employed to provide diagnostic services, preventative services, treatment services, or other services that are integrated with and necessary to the provision of patient care which, if not provided, would adversely impact patient care.
- Clarify that employees must provide required documentation supporting their

- need for FFCRA leave to their employers as soon as practicable.
- Correct an inconsistency regarding when employees may be required to provide notice of a need to take expanded family and medical leave to their employers.

The Department issued its initial temporary rule implementing provisions under the FFCRA on April 1, 2020. The revisions to that temporary rule will become effective immediately upon publication in the Federal Register.

The FFCRA helps the U.S. combat the workplace effects of the coronavirus by giving tax credits to American businesses with fewer than 500 employees to provide employees with paid leave for certain reasons related to COVID-19. Please visit WHD's "Quick Benefits Tips" for information about how much leave workers may qualify to use, and the wages employers must pay. The law enables employers to provide paid leave reimbursed by tax credits, while at the same time ensuring that workers are not forced to choose between their paychecks and the public health measures needed to combat the virus.

For more information about the laws enforced by WHD, visit www.dol.gov/agencies/whd or call 1-866-4US-WAGE.