



July 16, 2020

The Honorable Nancy Pelosi
Speaker of the House of Representatives
U.S. House of Representatives
United States Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
United States Capitol
Washington, DC 20515

Dear Madam Speaker and Majority Leader McConnell,

On behalf of the Small Business Roundtable (SBR), an organization that represents more than 30 million small businesses across America, we would first like to thank you for passing legislation to assist the small business community during this difficult time. The Paycheck Protection Program (PPP) and expansion of the Economic Injury Disaster Loans (EIDL) have benefited millions of small businesses in our collective membership, but looking forward, we think additional considerations are needed regarding the allocation of the remaining and future funding. The Small Business Roundtable urges Congress to continue supporting all of America's small businesses by considering our policy priorities below:

Interest on Economic Injury Disaster Loans (EIDL) Pre-COVID-19

Borrowers who utilized the EIDL before the breakout of the COVID-19 pandemic are still paying interest on their pre-existing loans, while companies that have used this program during the crisis have not been charged interest for their loans. These small businesses are at a disadvantage during this nationwide hardship and should be eligible for loan interest deferment immediately.

Increase eligibility for the Main Street Lending Program

The Main Street Lending Program is a significant safeguard to support lending for small businesses. Future COVID-19 response legislation should allow all small business lenders, not just depository institutions, to fully participate as lenders in the Main Street Lending Program, including certified Community Development Financial Institutions (CDFIs). Furthermore, there should be improved lending accommodations to small businesses with fewer than 100 employees. As lending institutions and small businesses evaluate the MSLP, we offer our help in raising awareness of the program and understanding its parameters.



Self-Employed Entrepreneurs

Future legislation should provide further aid for entrepreneurs and set aside appropriate funding to help these local businesses stay afloat in this difficult market.

Restarting Closed Businesses

Many small businesses that were unable to receive PPP loans during the first round of funding have had to close their doors. To encourage the reopening of these businesses, funding should be allocated for businesses that shut down because of the economic turndown and were unable to receive a PPP loan. Forgiveness outside of payroll should also be expanded to include costs associated with opening the business, and operating remotely such as (but not limited to) Personal Protective Equipment (PPE), broadband, and any cloud-based services.

Technical Assistance for Small Businesses

Companies have had to pivot to adjust to the demands of our current COVID-19 world. Support, in the form of grants and technology training for employees, should be provided to help entrepreneurs answer the question, “What is the future of my industry and how do I get there?” These grant allocations should be deployed nationally through chambers of commerce, small business development centers, and minority business development centers.

Increased Accountability for Loan Distribution

We are grateful for the PPP loan data that the U.S. Small Business Administration (SBA) released earlier this week, however, we are concerned about the 75-90% of respondents that did not voluntarily provide demographic data. We must hold lenders accountable for distributing loans to underserved communities and increase transparency for PPP loan distribution. In order to increase equity in lending we must be able to identify where these loans have been distributed and how we can work with lenders to further aid small businesses.

Clarity on Tax Implications

Further clarification is needed in future legislation to identify the tax implications for individuals as well as businesses in 2020 and 2021. Required quarterly tax filings could help streamlined through the tax filing process. We hope to work with Congress throughout 2020 to identify what changes should be considered for the 2021 filing season.

Grants for Minority-Owned Businesses

Grants should be set aside for minority-owned businesses to allow them the opportunity to combat the disparate impacts of today’s economy. These grants should be distributed through existing technical assistance channels such as chambers of commerce, small business development centers, and minority business development centers.



Similarly, we support efforts to make funding available at the state and local level to support such programs. We are pleased to see the growing bipartisan support for the RELIEF Act, and we urge its inclusion in the final package.

Employee Retention Tax Credits (ERTC)

Many companies are currently ineligible to take advantage of the Employee Retention Tax Credit (ERTC), presented in the CARES Act alongside the PPP, due to the current restrictions aimed at preventing businesses from ‘double-dipping’. This guardrail is understandable, but unfortunately, it is preventing fair usage of the credit, which is incredibly valuable to American small businesses harmed by the pandemic.

The ERTC uses the payroll tax credit to subsidize the cost of keeping employees on payroll, while requiring proof that a business was negatively impacted. Modifications of the ineligibility provision to truly preventing double dipping would allow many small businesses to explore this option for a more long term resolution to keeping Americans on payroll, and we support the legislation in the House and Senate that would expand the utilization of this important policy measure.

Debt and Equity Options

Congress should work to ensure that all financial institutions, especially fintechs, asset managers, and diverse capital funds, are treated fairly in the lending process and that financial facilities allocated to Treasury and the Federal Reserve be granted to these groups to help with economic recovery.

Broadband Access

Today’s pandemic has tested the limits of broadband access in rural and underserved areas. Ensuring broadband access for these communities would benefit employees nationwide that are still required to work remotely and keep Americans employed, regardless of their geographic circumstance. Incentives should be provided for businesses to implement broadband.

Support for National and Local Chambers

There are nearly 4,000 national and local chambers of commerce nationwide. Congress should show its support for these chambers and encourage them to further their work in aiding local small businesses during this difficult time by adding 501c6 organizations to have critical access to PPP funding. This will ensure that chambers of commerce are able to provide necessary resources, technical assistance, and direction to their members during the economic recovery.



Support for the Paycheck Protection Program Small Business Forgiveness Act

In order to help our nation's smallest businesses, we urge Congress to pass this 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 or less account for 86 percent of total PPP recipients, but less than 27 percent of PPP loan dollars. Expediting the loan forgiveness process for many of these hard-hit businesses will save more than \$7 billion.

We urge you to reach out directly with any questions, given the timely nature of these policies. We are available at your convenience and can be speedily convened by contacting Executive Directors Rhett Buttle (rhett@smallbusinessroundtable.org) or John Stanford (john@smallbusinessroundtable.org).

Thank you for your service and dedication to the United States and the more than 30 million small business owners that drive and shape our economy. We appreciate your consideration and look forward to your positive response and collaboration on these important policy priorities.

Sincerely,

Small Business Roundtable