



June 30, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
S-230, The Capitol
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, D.C. 20515

The Honorable Charles E. Schumer
Minority Leader
United States Senate
S-221, The Capitol
Washington, D.C. 20510

Dear Speaker Pelosi and Leaders McConnell, Schumer, and McCarthy:

We write to urge Congress to quickly enact a new phase of federal relief to counter the ongoing threat of widespread small business failures as the economy continues to grapple with the effects of a major public health crisis and the challenges of a slow and uncertain return to normal in the months ahead.

We applaud the bipartisan effort to establish the Paycheck Protection Program (PPP) in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as the passage of the PPP Flexibility Act that provided much-needed changes to ensure the program works better for businesses harmed by the economic crisis. While PPP provided critical stopgap relief, America's small businesses face a continued threat from low consumer demand and ongoing operational disruption due to COVID-19. According to the Census Bureau, large shares of small businesses believe it will be at least six months before their businesses return to normal levels of operation; in deeply affected industries, that number rises to over 70 percent. One in 10 small businesses believe they will never fully recover.

Federal relief must be responsive to the evolving economic circumstances and needs of small businesses, including nonprofit employers. The next phase of relief must be designed to enable them to survive a prolonged period of lower consumer demand, ongoing operational disruption, and continued uncertainty until the availability of a vaccine and effective therapeutic treatment eliminate COVID-19 as a severe public health concern. Simply extending PPP and expanding its

eligibility to a wider range of severely impacted entities alone is not sufficient to address the threat to small employers throughout the country.

To this end, we believe the next phase of small business relief must be designed with four core features that build upon the current framework of PPP: 1) zero interest rates, 2) long-term loan maturity, 3) overall administrative simplicity, and 4) the flexibility to use the loans to cover a wide range of expenses and to improve the underlying resiliency of the business. Our organizations call on Congress to enact a program with the following elements:

1. **Zero-Interest Loans:** Zero percent interest rates, coupled with longer loan maturity, would offer certainty and flexibility for small employers, enabling them to take loans large enough to survive a prolonged period of lost revenues and operational disruption, as well as to use the loans in ways that lower their fixed operating expenses. The program should be structured so that both lenders and borrowers are adequately incentivized to participate.
2. **Long-Term Maturity:** Amortization schedules of up to 30 years will allow businesses to spread the costs of borrowing over a longer period of time and make relief affordable for deeply affected small businesses.
3. **Administrative Simplicity:** The program's maximum loan amounts should be determined as a multiple of a borrower's annual operating expenses or gross receipts. Loan requirements should be straightforward for borrowers to navigate, underwriting standards should encourage a broad range of applicants, and necessary guidance should be provided at the start of the loan program.
4. **Broad Usage:** Borrowers must be able to use the next phase of relief to address a wide array of operational needs, as well as to improve their balance sheets in order to survive an extended period of weaker demand from consumers. Covered expenses should include maintaining payrolls, refinancing existing loans, purchasing equipment, inventory, furniture and fixtures, and Personal Protective Equipment (PPE), funding tenant improvements, and paying for occupied real estate.

The survival of America's small businesses is essential to a strong recovery from the recession brought on by the COVID-19 pandemic. We commend Congress for the expedited steps taken early in the crisis to provide relief to millions of small businesses across the country. But the threat remains urgent. Without a new phase of relief tailored to the current challenges, millions of small businesses are at risk of permanent failure. An emergency small business lending facility as described above would address the liquidity and solvency issues new and small businesses will continue to encounter until the public health crisis is resolved.

Thank you for considering this request.

Sincerely,

American Hotel and Lodging Association
American Mold Builders Association
America's Recovery Fund Coalition

Angel Capital Association
Asian American Hotel Owners Association
Center for American Entrepreneurship
Economic Innovation Group
Engine
Experiential Designers + Producers Association
Gusto
International Association of Amusement Parks and Attractions
International Association of Exhibitions and Events
International Franchise Association
Main Street America
National Association of Theatre Owners
National Tooling and Machining Association
North American Die Casting Association
Precision Machined Products Association
Precision Metalforming Association
Small Business and Entrepreneurship Council
Small Business for America's Future
Small Business Majority
Small Business Roundtable
The Payroll Group
U.S. Travel Association

cc: Senator Marco Rubio (R-FL)
Senator Ben Cardin (D-MD)
Representative Nydia Velazquez (D-NY-07)
Representative Steve Chabot (R-OH-01)