



Parity for Main Street Employers

May 27, 2020

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

The Honorable Kevin McCarthy
House Minority Leader
United States Capitol
Washington, DC 20515

Dear Speaker Pelosi and Leader McCarthy:

The Parity for Main Street Employers coalition strongly supports the Paycheck Protection Program Flexibility Act of 2020 sponsored by Representatives Dean Phillips (D-MN) and Chip Roy (R-TX).

Congress launched the Paycheck Protection Program (PPP) to help employers keep their workers on payroll and, once it was safe to do so, enable them to quickly return to work. The PPP is arguably the most successful COVID-19 response to date, providing more than \$500 billion in loans to more than 4 million employers nationwide.

As many states continue to impose lockdowns and other restrictions on their businesses, the PPP is needed more than ever, but negative press coverage and rapidly changing SBA guidance are causing many employers to rethink their participation. Many are returning their PPP loans while others are choosing to forego applying for the program. In just the past two weeks, demand for loans has slowed to a crawl while the total PPP lending has *declined* -- employers are giving PPP funding back faster than it can be lent out.

This collapse of trust in what had been a very successful program is troublesome and will negatively impact our economic recovery. The last thing we need is for businesses to lay off employees and close their doors in part because they were afraid of accepting assistance from a program explicitly designed to help them, or that the program's rules were too narrow to fit their particular circumstances.

To address this challenge, the Paycheck Program Flexibility Act will:

- Allow forgiveness for expenses that extend beyond the current 8-week covered period;
- Eliminate regulatory restrictions limiting non-payroll expenses to just 25 percent of loan proceeds;

- Extend loan terms from just two years to five;
- Allow PPP participants to fully defer payments of payroll taxes; and
- Extend the rehiring deadline to account for the timing of the Enhanced Unemployment Insurance benefits.

The Paycheck Program Flexibility Act will help restore confidence and refocus the PPP on its original purpose -- to ensure businesses have the resources necessary to keep employees paid *while government-mandated stay-home orders remain in place*.

Our economy will recover from the COVID-19 shutdown, but it will take time and it will require that employers have both the resources and the workers necessary to reopen. The Paycheck Protection Program Flexibility Act will help more employers reopen successfully, and we strongly urge Congress to adopt it quickly.

Sincerely,

The Main Street Employers Steering Committee

*American Council of Engineering Companies
Associated Builders and Contractors
Associated General Contractors of America
National Association of Wholesaler-Distributors
National Beer Wholesalers Association
National Electrical Contractors Association
National Roofing Contractors Association
NFIB
S Corporation Association
Wine and Spirits Wholesalers of America*