June 3, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Michael Crapo
Chairman
Senate Committee on Banking, Housing and Urban Affairs
Washington, DC 20510

The Honorable Marco Rubio
Chairman
Senate Committee on Small Business and Entrepreneurship
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Senate Committee on Banking, Housing and Urban Affairs
Washington, DC 20510

The Honorable Ben Cardin
Ranking Member
Senate Committee on Small Business and Entrepreneurship
Washington, DC 20510

Dear Leader McConnell, Leader Schumer, Chairman Crapo, Ranking Member Brown, Chairman Rubio and Ranking Member Cardin:

We appreciate your continued partnership with House lawmakers as Congress works to help American businesses and workers weather the economic crisis brought on by the COVID-19 pandemic. Through passage of the Coronavirus Aid, Relief and Economic Security (CARES) Act and the Paycheck Protection Program and Healthcare Enhancement Act, Congress brought immediate aid to struggling small businesses.

The Paycheck Protection Program (PPP) was designed to allow small businesses to quickly access capital to retain employees and build a bridge to the other side of this shutdown. To date, lenders disbursed over $510 billion in PPP loans to over 4.4 million small businesses across the country. Approximately 94% of the PPP loans were for $350,000 or less.

The loans are intended to be forgiven if small businesses follow the rules provided by Congress, and the guidance published by U.S. Department of the Treasury and the U.S. Small Business Administration (SBA). Unfortunately, the forgiveness application, which Treasury and the SBA published on May 15th, is overly complex, does not align with congressional intent of the program and threatens the efficacy of the PPP. We have heard from constituent small businesses who will need to hire outside legal and accounting help, at great additional expense, to confidently complete the application. This makes little sense for mom and pop businesses with few employees, a small payroll and cash flow challenges stemming from the negative economic effects of the coronavirus. Likewise, most community financial institutions that originated small PPP loans have neither the staff nor the forensic auditing expertise to assist their borrowers with the extensive forgiveness application provided by the SBA.
Treasury and the SBA should tailor the forgiveness application to the size and complexity of the loan. Specifically, we recommend that Treasury and SBA create a streamlined forgiveness application for loans under $350,000. This is the threshold at which the CARES Act makes the lowest cutoff in determining lender processing fees and captures the vast majority of PPP loans provided to small businesses. Much like the IRS relies on Form 1040-EZ for taxpayers with relatively straightforward tax filings, Treasury and the SBA should create a streamlined forgiveness application for small business loans below the dollar threshold. The application should consist of basic reporting by small businesses on how much they received, number of employees of the business and a good faith certification that they spent the funds in compliance with the requirements for forgiveness.

Treasury has already pledged to fully audit loans in excess of $2 million. This request would not preclude Treasury and SBA from conducting oversight over the funds, or otherwise auditing any loan. But a streamlined forgiveness application would ease the burden on both borrowers and lenders of smaller PPP loans, consistent with congressional intent, while at the same time allowing Treasury and the SBA to focus its scarce and valuable resources on the program’s higher risk and larger dollar-value loans.

On May 28th, the House passed legislation authored by Reps. Dean Phillips (D-MN) and Chip Roy (R-TX) with strong bipartisan support to make programmatic changes to the PPP. As the Senate considers this bill, technical corrections, or its own efforts to improve the PPP, we respectfully request that you direct Treasury and the SBA to create a streamlined forgiveness application for businesses with loans under $350,000. We believe Treasury and SBA have the flexibility under the CARES Act to do so; however, legislation mandating the creation of a streamlined application would provide additional certainty. House lawmakers will continue to make this a legislative priority.

Small business owners are already grappling with the challenges they face from the COVID-19 pandemic. The smallest businesses should not be saddled with the same forgiveness reporting burden as larger businesses with larger loans.

Thank you for your consideration.

Sincerely,

Andy Barr
Member of Congress

Kendra S. Horn
Member of Congress

French Hill
Member of Congress

Ben McAdams
Member of Congress
Barry Loudermilk  
Member of Congress

Steven Palazzo  
Member of Congress

Don Bacon  
Member of Congress

Michael Guest  
Member of Congress

Richard Hudson  
Member of Congress

David Kustoff  
Member of Congress

Josh Gottheimer  
Member of Congress

Darin LaHood  
Member of Congress

Neal P. Dunn, M.D.  
Member of Congress

Mike Bost  
Member of Congress

Rodney Davis  
Member of Congress

John Shimkus  
Member of Congress
Henry Cuellar  
Member of Congress

Stephanie Murphy  
Member of Congress

Bill Huizenga  
Member of Congress

Tom Emmer  
Member of Congress

Kelly Armstrong  
Member of Congress

Adam Kinzinger  
Member of Congress

Chris Pappas  
Member of Congress

David Rouzer  
Member of Congress

Carol D. Miller  
Member of Congress

Vern Buchanan  
Member of Congress

Bruce Westerman  
Member of Congress

Derek Kilmer  
Member of Congress
Denny Heck  
Member of Congress

Andy Harris, M.D.  
Member of Congress

Xochitl Torres Small  
Member of Congress

Paul Mitchell  
Member of Congress

Brian Mast  
Member of Congress

Vicente Gonzalez  
Member of Congress

Joe Cunningham  
Member of Congress

Max Rose  
Member of Congress

Mark Pocan  
Member of Congress

Kathleen M Rice  
Member of Congress
TJ Cox
Member of Congress

Jim Cooper
Member of Congress

Daniel Webster
Member of Congress

Rick Allen
Member of Congress

Roger Marshall, M.D.
Member of Congress

Collin C. Peterson
Member of Congress

W. Gregory Steube
Member of Congress

Steve Womack
Member of Congress

Blaine Luetkemeyer
Member of Congress

Jeff Fortenberry
Member of Congress

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Steve Watkins
Member of Congress

Ron Estes
Member of Congress
Ted Deutch  
Member of Congress

Bob Latta  
Member of Congress