

April 16, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi and Leader McCarthy,

Small businesses are the lifeblood of Maine's economy, accounting for 96 percent of all employer businesses in the state and more than half of all workers. As experienced across the country, the nearly 150,000 small businesses in Maine have been devastated by the necessary measures imposed to confront the epidemic. The nature of Maine's economy, with its dependence on tourism during the summer months, has added additional anxiety for all business sectors, particularly the hospitality and restaurant industry. These seasonal businesses struggle with uncertainty as to when and whether they will be able to bring employees back, and thus whether they will be able to benefit from the Paycheck Protection Program loans. The same goes for Maine's farmers, who must decide when and whether to plant not knowing if they will have employees to manage operations and bring food to market following our relatively short growing season.

In that regard, I respectfully request that the next COVID-19 relief package include provisions to address the following concerns that I have heard from small businesses in my state.

- **Increase funding the SBA's Paycheck Protection Program (PPP).** Today the SBA reached its cap on the PPP, and yet there remains a great unmet need of small businesses who want to avail themselves of the program. There is bipartisan consensus that more money needs to be appropriated for the program and *I fully support approving this funding as soon as possible.*
- **Extend the deadline for the PPP's forgiveness plan by at least five months.** The PPP allows small businesses to be eligible for loan forgiveness on amounts that are spent to maintain payroll levels by June 30, 2020. Since enactment, it has become clear that shut-down and social distancing orders are going to extend for longer than expected. One of the primary concerns I have heard in my district is that businesses are wary of taking the loans because they are unsure if they will be able or allowed to re-open or resume normal operations by June 30. *I fully support extending this date, for which there also appears to be bipartisan consensus, by at least five months.* As I mentioned, this extension is particularly important in states like Maine with seasonal industries like restaurants and hospitality businesses that are heavily dependent on summer customers, and with agricultural sectors that are beginning to plant now and would be normally increasing their labor over the next month.

- **Allow PPP loans to cover a greater share of non-payroll expenses.** Many Maine small businesses are worried that the PPP does not cover a sufficient amount of operating expenses, especially for businesses that are still operating at a reduced employment level (such as restaurants offering carry-out) yet have certain fixed costs. *I support modifying the PPP to address non-payroll expenses*, such as boosting allowable loans to 300 percent of payroll to enable companies to meet their nonpayroll expenses.
- **Ensure that community-based banks and credit unions have access to PPP funds and can take on new customers.** Small businesses in Maine primarily rely on local banks and credit unions for their financial services. These community-based and personal relationships add strength and resiliency to the Maine economy and its distinct rural character. There is concern not just in Maine but around the country that a disproportionate amount of PPP funds are going to large national banks. I have also heard frustrations from businesses who have had to shop around because their lender is not an SBA-approved entity. As Congress plans for more funding for PPP, *I support reserving a significant portion of these funds for community-based financial institutions*, aimed at Main Street, rural, minority, women and veteran owned small businesses. Further, I ask that the next package ease liability concerns for lenders to encourage taking on new customers.
- **Increase funding for SBA disaster loans.** Many small businesses in Maine have taken advantage of the Emergency Injury Disaster Loans (EIDL) as well as the associated \$10,000 grants provided by the CARES Act. Like the PPP, we appear to be nearing a funding cap, and there are anecdotal reports that businesses are being told they cannot take out more than \$15,000 in EIDLs. *I request additional funds to ensure that small businesses have access to needed SBA disaster loans.*
- **Help small businesses with rent and mortgage payments.** I am increasingly hearing worries from small businesses who fear that, without income, they won't be able to make rent or mortgage payments, which could negatively impact their credit rating. *I recommend that the next package build on protections given to homeowners and renters in the CARES Act by authorizing forbearance for small business mortgages and placing a place moratorium on commercial evictions. The bill should also protect Main Street by limiting small business debt collection and preventing predatory small business lending.* Further, we should explore how a greater range of small businesses can get access to block grants to help with their rent and mortgage payments and channel more funds to Community Development Financial Institutions to address gaps and needs at the community level.
- **Provide no-interest loans.** Even with the possibility of forgiveness under PPP, many small businesses are concerned about taking on more debt with the uncertainty about when states will re-open and when their customers will return. One small but meaningful step that Congress can take is to convert existing COVID-related loan programs, including PPP, to zero-interest loans. As a cosponsor of H.R. 6324, the Too Small to Fail Act, *I encourage the next package to include elements of this legislation, including making EIDLs at zero interest and increasing the emergency grant amount to \$15,000.*

- **Address the disparity between UI compensation and PPP.** As a critical and unintended flaw in the current federal response, many employers are having to make the difficult decision to apply for PPP or allow employees to take expanded Unemployment Compensation. Though I fully support the enhanced UI and would not want to see it weakened, this means that small business may not be able to take advantage of program to extent that they would like. *I encourage the relevant committees to explore changes to PPP that provide additional resources and flexibility to keep their employees on payroll, which would also provide for continuity of health and other employer-provided benefits.*
- **Ensure that immigrants are not excluded from or discriminated against in small business support programs.** As PPP and EIDL were implemented, several businesses encountered conflicting guidance and application forms that contained incorrect information about the eligibility of non-citizens. The purpose of COVID-related aid is to help all employees and employers who are suffering from the economic slow-down. Immigrants make important contributions to our economy in Maine, often doing high-risk work in health care and other essential sectors. *The next package should include explicit language to clarify that any individual who has a legal basis to reside and work in the United States should be included for purposes of small business owners who seek assistance or employees who are counted by small businesses for SBA aid considerations.*

Finally, out of concern that we may have to live with the negative economic consequences of the necessary mitigation measures for several weeks or months more, I encourage leadership to give serious consideration to an alternative model of providing economic and payroll support to workers and employers. I strongly support the forthcoming Paycheck Guarantee Act from Representative Jayapal, which offers a framework that would avoid mass layoffs, maintain the important employer-employees relationship and keep workers paid and connected to their health care and other benefits, and ensure that employees are in place when the the economy is read to restart. This is the approach that has been taken by several other OECD countries and has gained some bipartisan support.

Thank you for your consideration of these requests.

Sincerely,



Chellie Pingree
Member of Congress