

# Continuing Small Business Recovery and Paycheck Protection Program Act

The **Continuing Small Business Recovery and Paycheck Protection Program Act** would provide additional assistance to the hardest-hit small businesses that are struggling to recover from the impacts of the COVID-19 pandemic. The bill has four main components:

## 7(a) Loans to Recovery Sector Businesses:

- Authorizes \$100 billion in long-term, low-cost loans to recovery sector businesses, which include seasonal businesses and businesses located in low-income census tracts that meet the applicable SBA revenue size standard, have no more than 500 employees, and demonstrate at least a 50 percent reduction in gross revenues.
- Loan amounts would be available at up to twice the borrower's annual revenues, not to exceed \$10 million. The loan would have a 100% SBA guarantee and maturity of up to 20 years with a one percent fixed interest rate to the borrower.
- Waives the SBA's credit elsewhere test and allows the borrower to defer loan and interest payments for the first 2 years.
- Allowable loan uses include working capital, acquisition of fixed assets, and refinancing existing indebtedness.

## PPP Second Draw Loans:

- Provides \$190 billion of committed and appropriated funds to support PPP and PPP Second Draw Loans.
- Defines eligibility for PPP Second Draw loans as small businesses that meet the applicable SBA revenue size standard, have no more than 300 employees, and demonstrate at least a 50 percent reduction in gross revenues.
- Includes a \$25 billion set-aside for entities with 10 or fewer employees and a \$10 billion set-aside for loans made by community lenders.
- The maximum loan size would equal 2.5 times average total monthly payroll costs, up to \$2 million. Businesses that received a PPP loan may not receive another PPP loan that aggregates to more than \$10 million.
- The 60/40 cost allocation for payroll and non-payroll costs to receive full PPP forgiveness continues to apply.

## PPP Improvements:

- Expands forgivable expenses to include covered supplier costs, covered worker protection expenditures, and covered operations expenditures.
- Allows borrowers to select a preferred 8-week period through 2020 to use the forgivable loan proceeds.
- Simplifies the forgiveness application process for smaller loans.
- Expands PPP eligibility to include certain 501(c)(6) organizations, including Chambers of Commerce and Destination Marketing Organizations with 300 or fewer employees, excluding lobbying expenses.
- Establishes a specific PPP loan calculation for farmers and ranchers and provides Farm Credit System Institutions with greater certainty and equity in participating in PPP lending.

## Small Business Growth and Domestic Production Investment Facility:

- Provides for \$10 billion in long-term debt with equity features to registered SBA Small Business Investment Companies (SBICs) that invest in small businesses with significant revenue losses from COVID-19, manufacturing startups in the domestic supply chain, and low-income communities.