



Jared Golden
Congress of the United States
2nd District of Maine

May 4, 2020

The Honorable Nancy Pelosi
House of Representatives
H-232, U.S. Capitol Building
Washington, DC 20515

The Honorable Mitch McConnell
U.S. Senate
S-230, U.S. Capitol Building
Washington, DC 20510

The Honorable Charles E. Schumer
U.S. Senate
S-221, U.S. Capitol Building
Washington, DC 20510

The Honorable Kevin McCarthy
House of Representatives
H-107, U.S. Capitol Building
Washington, DC 20515

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

I write to suggest urgent and necessary changes to the Paycheck Protection Program (PPP) that should be included in the next COVID-19-related legislation that our chambers consider. These recommendations are informed by Maine small businesses that I have spoken to about their experiences with this program as they struggle to stay afloat and pay their employees in the midst of the coronavirus pandemic.

It has become clear to me, and to many small businesses across Maine's Second District, that the PPP, although well-intentioned, has several flaws that are proving to be harmful to small businesses across the country. There are certainly many cases where the PPP has indeed provided substantial benefit to small businesses and workers. However, some of the rules of the program do not reflect the long-term realities many businesses and workers continue to face in Maine: extended state-ordered closures, anemic consumer spending, and almost no money coming in from out-of-state tourism as we enter Maine's summer months.

To follow through on our commitment to small businesses and workers during this crisis, Congress should make a series of changes to the PPP. These changes would help address the obstacles reported to me by small business owners in Maine, examples of which I have provided with each of my recommendations:

- 1. Clarify how businesses will qualify for loan forgiveness, whether partial forgiveness is an option, and who will control that process.** In particular, allow businesses that had to lay off employees due to COVID-19 before the PPP was available to receive partial forgiveness based upon the number of employees they are able to hire back if they cannot

meet the June 30 safe harbor date for the FTE test. These steps are critical to give many businesses confidence that this program is a good fit for them. Here is what small businesses in Maine have shared with me:

“As it stands now, circumstances around forgiveness and payback [for PPP loans] are murky at best. I request Congress work with the SBA to clarify the process and eligibility surrounding the loan. I, and many other business owners, took this loan with the idea that, if used for payroll as noted in loan documents, all or a significant portion of the loan would be treated as a grant. I chose to apply early, receive funds, pay employees and work on ironing out the details later. While this choice does not reflect how I make decisions typically, these are certainly extraordinary times. We took these funds as a way to protect our livelihood and the livelihoods of our employees. As you know, employees in Maine tend to be more of a family than a workforce. In addition, we applied to this program to take pressure off of a nearly exhausted unemployment department here in Maine. In order to ensure the continued success of our business and region we need Congress to aid us in that recovery.” - Atlantic Brewing Company, Bar Harbor

“The conditions for forgiveness & repayment are unrealistic, considering we will have very little summer business. It will be very difficult to start repaying in November, when we usually make most of our profits in July & August & this year that will not happen. Also, how are we supposed to have our entire staff back to work by July 1st, when we are only going to be able to seat at half capacity? It would be realistic to have half the staff back, if we can only be half open.” - Darby’s Restaurant, Belfast

“I am a CPA and we need guidance on the loan forgiveness calculations, fast. The eight week period on the PPP loans has started and I cannot advise my clients on the process on calculating FTE, what are covered costs, how does the June 30, 2020 date work to meet the FTE test, etc. We need additional guidance from the SBA fast.” - CPA, Hampden

“We now find ourselves in the very difficult position of trying to use the funds we procured through the PPP as intended to help our employees and the business, but are unable to.... We cannot see business being truly open until September under the current guidelines, so for us to have to have our staff fully back by June 30th is not possible under the restrictions in place.” - The Towne Motel, Skowhegan

- 2. Consider extending the terms of loan repayment for those who fail to meet the full standard for forgiveness to a longer period than 24 months.** Failure to make this change could drive employers out of business six months from now when high dollar monthly payments begin:

“The 8 week period is not enough time to safely return our workers. Do you think it would be possible to advocate for a 12 week period for the return of workers for the loan to be forgiven? The monthly payment on the loan begins on the 7th month and without some of it being forgiven we will not be able to make the monthly payments. They are at \$11,663.00 a month. We will be in a horrible situation at that point.” - Work First, Farmington

“We don’t need a short-term loan to keep staff and pay a few bills. We are not asking for a handout like the trillions that have gone to Big Business. We need-and I would argue deserve- a long-term zero interest ‘bridge’ loan to see us through the uncertainties of doing business in the new reality of the next 18-24 months until we have enough testing, vaccines, and treatments to bring back the faith of the American consumer.” - River View Resort, Bethel

- 3. Allow businesses to use a greater portion of their PPP loan for non-payroll expenses.** Small businesses have repeatedly pointed out that the Treasury Department’s 75/25 rule is too inflexible for the immediate needs they are facing. For example:

“I am also dealing with lack of PPE (N95, surgical facemask and gloves) which will cause additional temporary closure as the supplies are depleted. On top of this I have been forced to have construction done to provide plexiglass protection to the front reception area and additional expense to purchase equipment to minimize water aerosols that are common in dental procedures. These expenses will not be reimbursed under the PPP but will affect my ability to keep employees on payroll after an eight-week window under the current rules.” - Maine Dental Clinic, Lewiston

“I was wondering if you could all advocate for all the cost of gearing up for the pandemic be added to the allowable expenditures of the loan forgiveness list. We have had to order thermometers, gloves, masks and a lot of sanitizer, plexiglass, etc. We are keeping all the receipts. When we start slowly opening in June, we want to be sure to protect the individuals with intellectual disabilities so gearing up with PPE is a must.” - Work First, Farmington

“There are too many strings. The PPP loan will help us keep the 18 employees on the payroll and call back the 6 we laid off. The biggest problem is cash, we can't pay our big suppliers so we can't generate sales. With sales down how do we stay open if I can't buy materials to sell? We are operating at a loss to keep as many people employed. As an essential business we also help people and businesses. Our credit cards are maxed. Customers are slow to pay, which is the same as us... What happens when the program ends? I doubt the economic impact will end.” - Sunrise Glass, Brewer

I strongly urge you to address these issues in the next package of legislation to address the COVID-19 pandemic and its impact on small businesses. Absent these changes, we undermine the potential of these programs and could make it harder for millions of small businesses to weather this challenging time. Thank you for considering measures to address these urgent problems facing small businesses.

Sincerely,



Jared F. Golden
Member of Congress