

**MEMBER DAY HEARING ON COVID-19 RESPONSE
AND RECOVERY: COMMITTEE ON SMALL BUSINESS**

HEARING
BEFORE THE
COMMITTEE ON SMALL BUSINESS
UNITED STATES
HOUSE OF REPRESENTATIVES
ONE HUNDRED SIXTEENTH CONGRESS
SECOND SESSION

HEARING HELD
APRIL 23, 2020



Small Business Committee Document Number 116-080
Available via the GPO Website: www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE
WASHINGTON : 2021

HOUSE COMMITTEE ON SMALL BUSINESS

NYDIA VELÁZQUEZ, New York, *Chairwoman*
ABBY FINKENAUER, Iowa
JARED GOLDEN, Maine
ANDY KIM, New Jersey
JASON CROW, Colorado
SHARICE DAVIDS, Kansas
KWEISI MFUME, Maryland
JUDY CHU, California
DWIGHT EVANS, Pennsylvania
BRAD SCHNEIDER, Illinois
ADRIANO ESPAILLAT, New York
ANTONIO DELGADO, New York
CHRISSY HOULAHAN, Pennsylvania
ANGIE CRAIG, Minnesota
STEVE CHABOT, Ohio, *Ranking Member*
AUMUA AMATA COLEMAN RADEWAGEN, American Samoa, *Vice Ranking Member*
TROY BALDERSON, Ohio
KEVIN HERN, Oklahoma
JIM HAGEDORN, Minnesota
PETE STAUBER, Minnesota
TIM BURCHETT, Tennessee
ROSS SPANO, Florida
JOHN JOYCE, Pennsylvania
DAN BISHOP, North Carolina

MELISSA JUNG, *Majority Staff Director*
JUSTIN PELLETIER, *Majority Deputy Staff Director and Chief Counsel*
KEVIN FITZPATRICK, *Staff Director*

CONTENTS

OPENING STATEMENTS

Nydia Velázquez	Page 1
Hon. Steve Chabot	2

WITNESSES

Hon. Ed Case	14
Hon. Andy Barr	14
Hon. Gilbert Ray Cisneros, Jr.	15
Hon. Gus M. Bilirakis	16
Hon. Veronica Escobar	17
Hon. Ted Budd	18
Hon. Jimmy Gomez	19
Hon. Mark E. Amodei	20
Hon. Susie Lee	20
Hon. Bradley Byrne	21
Hon. Michael C. Burgess	22
Hon. Earl L. "Buddy" Carter	22
Hon. Elaine G. Luria	23
Hon. John R. Curtis	24
Hon. Derek Kilmer	24
Hon. Greg Pence	25
Hon. Joe Neguse	26
Hon. Mike Johnson	27
Hon. H. Morgan Griffith	28
Hon. Tom Malinowski	28
Hon. Dusty Johnson	29
Hon. John Katko	30
Hon. Brian K. Fitzpatrick	31
Hon. Kim Schrier	32
Hon. Dean Phillips	33
Hon. Fred Keller	34
Hon. Adam B. Schiff	34
Hon. David P. Roe	35
Hon. Max Rose	36
Hon. Elissa Slotkin	37
Hon. Mikie Sherrill	38
Hon. Steve Womack	38
Hon. Steven Horsford	39
Hon. Scott R. Tipton	40
Hon. Haley M. Stevens	41
Hon. Chip Roy	41
Hon. Mike Thompson	42
Hon. Glenn Thompson	43
Hon. Abigail Davis Spanberger	44

APPENDIX

Prepared Statements:	
None.	
Questions for the Record:	
None.	
Answers for the Record:	
None.	
Additional Material for the Record:	
PPP Letter	47

IV

	Page
Additional Material for the Record—Continued	
State of North Carolina Department of Insurance	52
Rep. Bunn Testimony	53
Rep. Ted Budd Testimony	55
Rep. Deb Haaland Testimony	57
Rep. Derek Kilmer Testimony	58
Rep. Tom Malinowski Testimony	60
Rep. Dusty Johnson Testimony	61
Rep. Joe Neguse Testimony	63
Rep. Tom Rice Testimony	65
Rep. Jamie Raskin Testimony	67
Rep. Val Butler Demings	69
Rep. Albio Sires Testimony	71
Rep. David Joyce Testimony	72
Rep. Rosa DeLauro Testimony	74
Rep. Roger Marshall Testimony	78
Rep. Jerrold Nadler Testimony	80
Rep. Debbie Mucarsel-Powell Testimony	82
Rep. Debbie Mucarsel-Powell Additional Material CARES 2.0 Priorities ...	84
Rep. Zoe Lofgren Testimony	88
Rep. Dan Bishop Testimony	89
Rep. Guy Reschenthaler Testimony	91
Rep. Abigail Spanberger Testimony	93
Rep. Ted Budd Testimony	95
Rep. Kevin Hern Testimony	97
Rep. Peter Olson Testimony	101
Rep. Brian Fitzpatrick Testimony	102
Rep. H. Morgan Griffith Testimony	104
Rep. Jahana Hayes Testimony	107
Rep. Scott Peters Testimony	111
Rep. Ed Case Testimony	114
Rep. Gil Cisneros Testimony	116
Rep. Kathleen Rice Testimony	117

MEMBER DAY HEARING ON COVID-19 RESPONSE AND RECOVERY

THURSDAY, APRIL 23, 2020

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The committee met, pursuant to call, at 11:07 a.m., in Room 2359, Rayburn House Office Building, Hon. Nydia M. Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Finkenauer, Kim, Crow, Davids, Chu, Evans, Schneider, Espaillat, Houlahan, Craig, Chabot, Balderson, Stauber, Burchett, Spano, Joyce, and Bishop.

Chairwoman VELAZQUEZ. Good morning. The committee will come to order.

I would like to thank everyone for joining us this morning, and I want to especially thank my colleagues for joining us today for the House Committee on Small Business Members' Day hearing on the response to COVID-19.

We have a hard stop at 1 p.m. We will move as quickly as we can, but should we not be able to accommodate every Member in person today, we will be accepting statements for the record until Thursday, April 30.

Today is a chance for the committee to hear directly from our fellow Members of Congress about their thoughts on the COVID-19 response and priorities for the next package as it relates to small business issues within the committee's jurisdiction.

I would like to remind everyone that we are practicing social distancing and taking other precautions for all in attendance. I appreciate your cooperation in this effort so that we can protect ourselves and our hardworking staff.

Three weeks ago, when Congress created the Paycheck Protection Program, we did so with the goal of providing a lifeline to small businesses. The program experienced unprecedented demand and has proven successful, helping more than 1.6 million entities support their employees. As a result, we will be replenishing that program later today.

While we are moving quickly to provide an additional \$310 billion, we still have an obligation to examine what is and is not working, as well as gain a better understanding of how to best move forward if the PPP must be extended again.

There have been many red flags that suggest the CARES Act has not been implemented as Congress intended. The piecemeal guidance and fact sheets Treasury and SBA have released are, in many instances, confusing, contradictory, and provide little clarity to the

millions of small businesses that are in desperate need of assistance.

We are also aware that at least 90 publicly traded companies got PPP loans, and, in some cases, more than one. This is unacceptable, and I have called on the SBA to use its administrative authority now to prevent further misuse. Congress will also be exploring ways to address this breach of the public trust in the next relief package.

As such, should we need to allocate more money for these programs to meet demand beyond today's infusion, we must pair that with commonsense reforms to the program that will ensure we are truly helping all American small businesses.

Thank you again to all the Members for being with us today. I look forward to our discussion and to working on your ideas to provide the best opportunity for survival and recovery for small businesses in all of our communities across this country.

I now would like to yield to the Ranking Member, Mr. Chabot, for his opening statement.

Mr. CHABOT. Thank you, Madam Chair, and thank you for holding this important hearing.

Before I begin, I want to mention that the Chairwoman has been in our thoughts and prayers over these last few weeks. We wish you nothing but the best as you continue to recover.

Small businesses, entrepreneurs, and startups play a critical role within the American economy. Not only do they employ half of the nation's workers, but they are also responsible for creating two out of every three of the new jobs in this nation.

In order to measure the health of the nation's economy, one needs only to take the pulse of Main Street America.

Unfortunately, COVID-19 has devastated small businesses and their employees. As a response, Congress created the Paycheck Protection Program to provide assistance to as many small businesses as possible during this emergency period.

They are a low interest loan that can be forgiven if used for payroll and other qualified expenses. Small businesses have a tool available to assist them as they try to weather this storm.

Thus far, the program has experienced extremely high demand. Within a 2-week span, all the money within the Paycheck Protection Program was exhausted. I urge my colleagues to vote to inject more dollars into this program as quickly as possible.

Yesterday, this Committee hosted a bipartisan call with the Small Business Administrator, Jovita Carranza. Committee members amplified issues facing their local small businesses directly to the leader of the SBA. Today, we will hear from other Members who have been fighting for their small businesses. I look forward to hearing their thoughts and their ideas on how the CARES Act relief programs have been implemented and suggestions on how Congress can improve them moving forward.

The SBA moved quickly and stood up this brand new program in a week. While there have certainly been bumps in the road and more clarity is necessary, the SBA rose to the challenge of assisting the nation's smallest firms when no other options were available. As Members of Congress, it is critically important that we work together to assist the nation's small businesses, entrepreneurs, and

startups. Main Street businesses are counting on Federal assistance, so let's deliver.

I yield back.

Chairwoman VELÁZQUEZ. Thank you, Mr. Chabot.

The gentleman yields back.

Due to the floor schedule today and the high demand for participation, we will do our best to accommodate all of the Members who wish to provide testimony. I would like to remind everyone that they will have 2 minutes to provide testimony, and I ask you stay within this timeframe to the best of your ability.

Let's get started.

Let me welcome Congresswoman Abby Finkenauer, Chairwoman of the Subcommittee on Rural Development, Agriculture, Trade, and Entrepreneurship, from Iowa.

Ms. FINKENAUER. Thank you, Madam Chair, and thank you to the members of the Committee here today. It is an honor to get to serve with you, and it is an honor to get to represent the folks of the First District in Iowa. I know this is a hard time for our small businesses and for our Americans all across our country, my State, and in my district.

You know, it is something that we are all coming together here today trying to do more and making sure that our folks have what they need. What we do know is that we are likely, you know, as this continues, we are going to have to step up and continue to listen to the folks in our districts about what they are going through and what they need.

And one of the stories I just wanted to quickly share here today is from a man in Monticello who has a sporting goods store. You know, he has six employees, and, with high school sports canceled for the spring, he is sitting on over \$100,000 in uniforms and equipment he can't sell. He is worried about his six employees, and if he is able to keep this store afloat.

You know, this is why we are doing this stuff today. And here is the big thing for me when we looked at plussing up this program. We needed to make sure, and we did today, but we must do more to make sure that our community-based financial institutions also have those dollars to put out there into our communities.

You see, this isn't just about the big businesses that need millions of dollars to stay afloat. It is the ones who need \$10,000, \$5,000, \$20,000, who have maybe 10 employees, 5 employees. And, in my district in particular, with the amount of credit unions and also small community banks, we need to make sure that they have what they need so this actually touches folks all across our country, and, again, specifically folks in my district.

I am honored to be here with you guys today to continue to do more, and it will be our job to continue to listen to folks in our districts and get them what they need.

And, with that, Madam Chair, I yield back.

Chairwoman VELÁZQUEZ. The gentlelady yields back.

Now the gentleman from Minnesota, Mr. Stauber, Ranking Member of the Subcommittee on Contracting and Infrastructure, is recognized for 2 minutes.

Mr. STAUBER. Madam Chair, it is great to see you today, and I wish you all the best.

Chairwoman VELÁZQUEZ. Thank you.

Mr. STAUBER. Ranking Member Chabot, thanks for all your work.

Thank you for giving me the opportunity to testify before you today on behalf of the constituents of Minnesota's Eighth Congressional District, and I know the problems that my constituents face during this pandemic are not unique. The whole country is in this together. But I would like to take this opportunity to share what Minnesotans have experienced, their struggles during this nationwide shutdown, and how I think we can come out of this more resilient, self-reliant, and stronger than ever.

Economic injury disaster loans and the Paycheck Protection Program have been major lifelines for the small businesses of my district. However, as guidance for each program may come out in segments and continue to be forthcoming, many struggle to understand which program is best for them.

Additionally, promises were made in the CARES Act that made small businesses believe they would receive their loans in a timely fashion. Instead, some have received a fraction of what they were promised, while many others received nothing at all.

I know that the individuals at the SBA and the Treasury are working around the clock to effectively implement each part of the CARES Act and provide as much clarity as possible along the way, but my constituents are rightfully frustrated.

As a small business owner myself, I know that financial uncertainty is completely destabilizing. Many businesses fear that by the time they get their loans or even get notice that their application has been processed and approved, they will have already shut their doors, and some for good.

With this in mind, I have two priorities that we must take on as leaders of the Small Business Committee. The mom-and-pop shops are the recipients of the loans. The businesses with even as few as two or three employees matter just as much as those with a maximum of 500. And we also must prioritize getting the PPP and the EIDL loans out the door as quickly as possible.

I am happy that we are passing legislation today to replenish the PPP program and these critical funds for our small businessmen and women. If there was ever a time to put aside partisanship, it is now. I stand ready and willing to assist any way I can to ensure that, as I said in the beginning of this statement, our Nation, together, we will come out stronger, more resilient, and more self-reliant than ever. We must recognize that small businesses are the engine of our economy.

And I yield back, Madam Chair.

Chairwoman VELAZQUEZ. The gentleman yields back.

The gentleman from New Jersey, Mr. Kim, Chairman of the Subcommittee on Economic Growth, Tax and Capital Access, is recognized for 2 minutes.

Mr. KIM. Great. Thank you, Chairwoman, for this opportunity to talk about the critical issues our small business owners and the millions across our country who depend on small businesses for their livelihood, what they face during this crisis.

Every day my staff and I talk with small business owners in my district who have either had to close their doors or are close to doing so.

We talk with neighbors fighting to get on unemployment, hoping the money in their account is enough to pay the next mortgage or rent check, hoping that they can keep food on the table.

Later today, we will pass a bill to provide additional relief to those same people I hear from. All told, we have set aside two-thirds of a trillion dollars aimed to help small business owners keep people on payroll and keep their doors open.

If you have been a small business owner who has received this help, it has been a lifesaver. But we need to be clear, the Paycheck Protection Program has been flawed and does not provide the long-term solutions or certainty our small business owners deserve.

From day one, we have seen the Paycheck Protection Program fail our small business owners. We have seen inconsistent and unclear rules that have made it difficult for lenders to get online and small businesses to get the support they need. And we have seen small businesses who want to do the right thing struggle to meet stringent eligibility and program requirements, including the unnecessary 75/25 formula and exclusion of many local nonprofits and associations at the front lines of this crisis. This simply doesn't work for the small sectors and in some parts of this country.

We have seen money go to big businesses disguised as small ones while mom-and-pop shops on Main Street wait for Congress to add more money to the pot.

All of these things need to be fixed, and they need to be fixed now. But even if we fix the problems in the Paycheck Protection Program and fully fund it for months to come, it won't solve the real problem that we face, which is that we have to get our country moving forward. We have to stand up a national testing program to be able to do so. And we set out a course on that, and I urge all of us to work together to make sure that that happens, that we test those, and we know who is sick and who is healthy, and open up our economy again.

Thank you, and I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

Dr. Joyce from Pennsylvania, Ranking Member of the Subcommittee on Rural Development, Agriculture, Entrepreneurship, and Trade, is recognized for 2 minutes.

Mr. JOYCE. Thank you, Madam Chairwoman.

In this Committee, we often stress that small business is truly the backbone of our economy, and perhaps this has never been more evident than during this coronavirus pandemic, which we recognize is truly a public health and an economic crisis.

The 13th District of Pennsylvania is home to many small businesses, all of which have been significantly affected by the ongoing coronavirus outbreak as the government forced businesses to temporarily close their doors.

Thanks to the resources of the 116th Congress and the CARES Act, nearly 70,000 small businesses in Pennsylvania were approved for Paycheck Protection Program loans to keep them afloat while we fight this invisible enemy. Unfortunately, far too many busi-

nesses in my district were shut out of the program when the funds ran dry last week.

Additionally, initial confusion on size limitation and guidance that did not consider the unique business models of agricultural producers kept many farmers from accessing this relief. While I am pleased to see the progress that we have made to include farmers, more must be done to ensure the future of our agricultural producers and food supply chain.

Over the past weeks, I have spoken with workers, small business owners, and farmers in my district who are truly counting on the Paycheck Protection Program. They are counting on Congress to help them weather this storm.

And, even though our small businesses continue to face trial, there are many that have stepped up, from Guy Chemicals in Somerset County, to the Mason Dixon Distillery in Adams County.

Small businesses have changed their course to provide hand sanitizer and other items needed by frontline responders. These men and women are not only the backbone of our economy, they are the hearts of our community. And Congress must continue to deliver on our promises for them.

I thank you, Madam Chair, and I thank the Ranking Member, Mr. Chabot, for your leadership and for your continued support in these trying times, and I yield back the balance of my time.

Chairwoman VELÁZQUEZ. The gentleman yields back.

Now we recognize the gentleman from Colorado, Mr. Crow, Chairman of the Subcommittee on Innovation and Workforce Development.

Mr. CROW. Madam Chairwoman, Ranking Member Chabot, thank you for convening this Member Day session of the Small Business Committee. I am honored to be here and serve beside both of you and all the other members during these unprecedented times.

I have heard from hundreds of constituents for whom the Paycheck Protection Program and the EIDL grant and loan programs have been lifelines, but the shortages of these programs have both been well documented. So I am pleased that we are voting today to ensure that these programs have the funding that they need.

I have also heard about how our Nation's chambers of commerce and 501(c)(6) organizations desperately need assistance. Some of my local chambers have been forced to lay off staff, cut hours, and are facing other immense challenges in accomplishing their critical mission. So we have to make sure we are addressing that problem and providing funding to these 501(c)(6) organizations.

I would like to highlight my draft legislation, the Small Business Credit Support Act, which will help business development companies invest more money in more small businesses under the Small Business Investment Company Program. My bill would increase the amount that they can invest in these SBICs. By expanding the SBIC Program, we can further incentivize Main Street to help Main Street during these critical times.

Also, as millions of our businesses apply for and receive assistance from the Small Business Administration, we need to address the cybersecurity needs at the SBA, especially considering recent

developments that up to 8,000 EIDL borrowers may have had their personal information exploited from a cyber vulnerability.

My bill, the Small Business Cyber Awareness Act, would require the SBA to report these breaches within 180 days and create a better infrastructure framework to move forward and address vulnerabilities.

Finally, as we all know, oversight of important loan and grant programs is one of the most important roles of this Committee. We have all been very concerned about recent reports of larger, publicly traded companies using programs intended for our Nation's small businesses.

So I look forward to working with all the members of this Committee to addressing the misuse of these relief programs and ensure that transparency and accountability are hallmarks of our Nation's response to this crisis and Congress' actions going forward.

Thank you again for your time this morning. I look forward to working with you on efforts to both protect our businesses and expand investment in our Nation's small businesses.

I yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back.

Now we recognize the gentleman from North Carolina, Mr. Bishop, for 2 minutes.

Mr. BISHOP. Thank you, Madam Chairman.

Chairwoman Velázquez, Ranking Member Chabot, and fellow Committee members, thank you for taking the time to hold this hearing today. I wish we were meeting under different circumstances, as no one could have anticipated the devastation that this virus has caused to the American people, especially small business owners and their employees.

Last month, Congress came together and reassured small business by providing necessary relief through the Paycheck Protection Program. Though this program is not perfect, it has helped over 39,000 small businesses receive over \$8 billion of relief in North Carolina.

As the coronavirus forced Congress to stay home, I had the opportunity to responsibly visit Hornwood, Incorporated, which is a specialty textile manufacturer and the largest employer in Anson County, North Carolina.

In order to fulfill their civic duty, Hornwood has begun the process of manufacturing PPE for frontline workers. When PPP applications first went online, Hornwood immediately filed an application to receive a loan. Due to a snafu in the process, they were unable to receive a loan when the funding ran out on April 16, so it is good that Congress, albeit tardily, is back in Washington to provide funding for this program so that small businesses like Hornwood can receive this critical funding.

The Paycheck Protection Program is an emergency program, and, in my opinion, everyone involved is working to ensure that small businesses survive this crisis. However, the easiest way to address this concern is to begin the process of safely reopening the economy.

My biggest observation is that the Federal Government cannot provide sufficient relief to substitute for a free and open economy. We all know that this debate is raging in every corner of our Na-

tion, and I will continue to push for data transparency so leaders at all levels of government can begin to make educated decisions. However, we are gathered here today to discuss how this Committee can work to provide needed relief to small businesses.

I would like to commend leaders throughout the country for stepping up to the plate and working with the SBA and Treasury to serve as conduits for the Paycheck Protection Program. Lenders did not ask for this task, but dutifully stepped up in this time of need. Lenders have been able to process the loans in record time and better than any government agency.

Thank you, Madam Chairwoman. My time has expired, and I yield back.

Chairwoman VELÁZQUEZ. The gentleman's time has expired.

Now I would like to recognize the gentlelady from Kansas, Ms. Davids.

Ms. DAVIDS. Thank you, Chairwoman Velázquez and Ranking Member Chabot, for holding this Member Day hearing on the COVID-19 response and recovery.

I have heard firsthand how the coronavirus is impacting Kansas small businesses and the livelihoods of my constituents, and I am glad to be able to share those priorities today.

Small businesses are the backbone of our economy, and no place is that truer than the Kansas Third Congressional District I am so proud to represent. Failing to support our small businesses through this crisis would have enormous and devastating consequences. And, while incredibly important, the State and local stay-at-home orders are definitely creating tremendous challenges for small business owners and employees.

There are many challenges and fixes that we need to incorporate into the Emergency Injury Disaster Loan, or EIDL, program and the Paycheck Protection Program. First and foremost, we need more money for these programs now, and I am glad that the House is voting today to increase that funding, but it is simply not enough. Congress must pass H.R. 6506, the Paycheck Protection Program Extension Act, which I am a cosponsor of, and would provide \$900 billion in additional PPP funding.

We have to make sure that the assistance is going to those who need it most, not just big corporations and the well connected. It is essential that the PPP and EIDL loans make it into the hands of minority, women, and veteran owned businesses. I am encouraged that the PPP Increase Act, which the House will vote on today, sets aside \$60 billion for small and medium lenders, credit unions, and community development financial institutions, which are more likely to work with smaller and less-advantaged businesses.

It is also critical that the congressional intent is followed in implementation of these programs. For example, in creating the PPP, Congress expanded program eligibility to include all tribal enterprises with fewer than 500 employees. However, the SBA and Treasury severely limited and essentially excluded tribal enterprises, especially tribal gaming.

Tribally owned gaming operations provide important job opportunities in their areas and invaluable support to tribal governments,

who, in turn, provide housing, healthcare, and other services for their members.

That is why I led a letter with 37 of my House and Senate colleagues from both sides of the aisle expressing our concerns and frustration on that. I spoke with Administrator Carranza about this.

I am glad that we are making progress on some of these issues, but a lot more work is necessary, and I am looking forward to working with all of you on those issues.

Thank you, and I yield back.

Chairwoman VELÁZQUEZ. The gentlelady yields back.

Now we recognize the gentlelady from California, Ms. Chu, Chairwoman of the Subcommittee on Investigations, Oversight and Regulations, for 2 minutes.

Ms. CHU. Thank you, Chairwoman Velázquez, for calling this hearing in response to the COVID-19 pandemic.

Today, Congress will vote to extend funding for both the Paycheck Protection Program and the Economic Injury Disaster Loan and Grant Program. In a great step forward, this bill includes a \$60 billion set-aside in lending authority specifically for small community lenders in the PPP that will truly serve small businesses. But, by doing this, we address the banks' behavior that made such a set-aside necessary in the first place.

For example, my constituent Yuan owns an auto repair shop and has both a business checking account with Bank of America and a credit card with JPMorgan Chase. Despite these longstanding relationships, both of these banks refused to accept Yuan's application for a PPP loan. But, with this set-aside, this will change.

But PPP must also be improved. It must be improved with translations for immigrant entrepreneurs. It must meet the needs of our independent restaurants, which have no assurances that they will be permitted to legally reopen before the end of the 8-week PPP loan period. Under the current structure, these businesses risk exhausting their PPP funds and being forced to lay off their employees even before they can legally and safely reopen.

It must be improved by extending eligibility for PPP to 501(c)(5) nonprofit labor unions to ensure that workers have a seat at the table. And it must be improved by addressing the unique needs of the self-employed, like many of those working in the creative industries.

SBA's regulations limiting EIDL emergency grants to \$1,000 per employee and requiring that 75 percent of loan forgiveness applies to payroll costs do not account for self-employed workers who may spend as much or more on expenses like health insurance and rent as they do on their salaries.

Thank you, and I look forward to continuing work to improve these programs.

Chairwoman VELÁZQUEZ. The gentlelady yields back.

Now we recognize the gentleman from Pennsylvania, Mr. Evans, Vice Chair of the Committee.

Mr. EVANS. Thank you, Madam Chairperson, and I thank the Ranking Member also.

As my colleagues have said, this is an unprecedented time. This pandemic is a true test of our resilience as a Nation. Small busi-

ness has been devastated. However, my office has heard that many local businesses are unable to access these needed programs. This is greatly concerning.

It is essential that the SBA program fulfill the objective of Congress to help small businesses who cannot survive without these loans. News that large restaurant chains received \$20 million in PPP loans has eroded the public trust and confidence in these programs and government.

While many of us are wearing masks, we need the SBA to be transparent with taxpayers' dollars. In addition to thinking about what small business needs right now, it is imperative to think about how our operation in the future. Social distancing will entirely be required for the immediate future.

Consequently, Temple Small Business Development Center in Philadelphia is creating two new business training centers. The first is the Center for Hospitality Resilience, which will instruct small businesses about new regulations that affect the food, hotel, and the event industry.

The second is the Center of Digital Transformation for Small Businesses. The center will help small businesses transition to e-commerce, which is likely becoming the main source of revenue for many businesses.

It is crucial that we help small businesses not only get through this immediate crisis, but we also assist them in preparing for the future.

Thank you, Madam Chair, and I yield back the balance of my time.

Chairwoman VELÁZQUEZ. The gentleman yields back.

Now we recognize the gentleman from Illinois, Mr. Schneider, for 2 minutes.

Mr. SCHNEIDER. Thank you, Madam Chair, for holding this hearing. I am so greatly appreciative of your leadership on this Committee, especially at this difficult time. And I also want to make a special call out to your staff. The Committee staff has just been extraordinary through this entire crisis.

I am grateful we are having this hearing today as well. The 30 million U.S. small businesses employing 55 percent of our American workforce is the lifeblood of our economy. They are also the heartbeat of our local communities. From urban neighborhoods to suburban villages and rural towns across the country, they make our Nation work.

From the start of this crisis, this Committee has stood up for small businesses in every COVID relief bill, starting with the first one on March 4. We will do so again today, adding additional funds for both PPP and the EIDL loans.

Yesterday, we had a bipartisan call with SBA Administrator Carranza. On that call, I stressed the need for the SBA to provide applicants to the EIDL program with an update on the status of their application. Many of my constituents applied for this program weeks ago, some on the very first day of eligibility, and have yet to hear back.

These business owners are making the hard decisions today about the future of their businesses and need to be able to plan their long-term financial outlook. They deserve to know whether

they can rely on the EIDL program as a resource. We deserve answers.

On our call with the SBA Administrator, I also stressed the critical need for the administration to provide lenders and borrowers with clear, updated guidance about how the PPP loans are being disbursed. The Administrator did not instill confidence that the SBA is prepared for the next round of PPP funds, which is why the work of this Committee is so critical.

It is our responsibility to hold the administration accountable for making proper use of the emergency funding Congress has provided. I look forward to working with my colleagues on and off this Committee to exercise the proper oversight of the SBA. We must make sure the SBA is following congressional intent and get this funding to the small businesses that so desperately need it.

Thank you again, Madam Chair. I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentlelady from Pennsylvania, Ms. Houlahan, for 2 minutes.

Ms. HOULAHAN. Thank you, and I am very grateful to be here and to be in service with all of you at this very critical time.

It has never been more evident to me and I think to all of us about this critical committee's responsibility and that the work that we do here is so essential, that we cannot simply afford to be partisan at this time.

I am also very grateful, as Mr. Schneider is, to you and to your staff. You have conducted yourself with enormous professionalism at this very difficult time.

I have spent the last weeks listening to our community, holding virtual townhalls with small businesses all over the region, and spent time in food banks, seeing the real trauma that this is causing. The pain and worry in our communities was palatable.

I am grateful that we have replenished many of our small business programs, but I deeply worry that it will be drained within days and weeks again. I am grateful that this program now allows for agricultural businesses to be included, but I look forward, as many of you do, to when all nonprofits will also be included.

And I am grateful that we have carved out part of the PPP to include community lenders and to be able to be directed to our smallest of small businesses. I am also grateful that this bill provides for our hospitals and for testing.

These small businesses and small business programs are meant to be emergency programs and are meant to make sure that we are able to address the situation for as long as it exists. But this situation will exist as long as the virus is with us, and we absolutely need to make sure we have a robust testing system developed, a nationwide robust testing system developed, to be able to return ourselves and our communities to normalcy.

And this requires, I believe also, our legislation to be conducted with triggering mechanisms to establish for future opportunities for funding these programs if and when they become necessary. I believe that we need to not continuously have to reauthorize what is clearly a lifeline for our small businesses until such time as we are able to get out of this pandemic.

I look forward to continuing to work with this Committee and the body to protect and defend this Nation and our small businesses, and I yield back, Madam Chair.

Chairwoman VELAZQUEZ. The gentlelady yields back.

Now we recognize the gentleman from Florida, Mr. Spano, for 2 minutes.

Mr. SPANO. Thank you, Madam Chair, and I don't have any planned comments. I just would like to say I appreciate your leadership during this process.

And I am excited, although the circumstances surrounding all that the Nation has been through these last 2 months isn't anything any of us would have asked for, it is an honor to and a humbling privilege to be able to serve on a Committee that had so much to do with the solutions, I think, economically to getting our Nation back on track.

So I look forward to your continued leadership, and it is an honor to serve with you. Thank you, Madam Chair.

Chairwoman VELAZQUEZ. Thank you. The gentleman yields back.

Now we recognize the gentlelady from Minnesota, Ms. Craig, for 2 minutes.

Ms. CRAIG. Thank you so much, Chairwoman and Ranking Member, and to my colleagues on the Small Business Committee.

I am honored to serve on the Small Business Committee during such a critical time in our Nation's history and appreciate all of the work you have been doing to help return our Main Streets to prosperity.

I appreciate the opportunity to come before you today to share my district's experience with the Paycheck Protection Program and the Economic Injury Disaster Loan Program. I have spoken with my team, and I have worked to help many, many small businesses across the district. Whether it is a florist in Apple Valley or the Cannon River Winery, I have heard numerous times that the implementation of the PPP has been flawed, and small businesses are waiting far too long to get the relief they urgently need.

I realize we are facing unprecedented times and that the SBA is working hard, but it must do better. For every success story that is shared with my office, at least a dozen people reach out saying that they have been unable to successfully apply for a loan. These stories are heartbreaking.

Constituents also report receiving far less money than was promised through the EIDL program, and we must fix that.

I recently had a call with a number of restaurant owners in my district, and they uniformly noted that the PPP as it stands will not allow their businesses the flexibility to fully achieve the goals that we set for the program. Fixing this and providing additional support for nonprofits and cooperatives must be resolved in future bills.

We must also ensure that we are holding the SBA accountable through oversight that ensures that big corporations are not crowding out the Main Street businesses that this program was intended to help. This means getting more data on loan applications and issuance, including breakdowns by demographics and by congressional districts.

I am grateful that we will pass a bill today to add additional funding to the Paycheck Protection Program and the EIDL program, but our work in this Committee going forward must ensure that both the amount and the flexibility of these funds are really helpful to the small businesses that need it the most.

I know we are all here to help protect each of the American Dreams represented by the small businesses in our districts. I look forward to our continued work together.

Thank you, and I yield back.

Chairwoman VELAZQUEZ. The gentlelady yields back.

Now we recognize the gentleman from New York, Mr. Espallat, for 2 minutes.

Mr. ESPAILLAT. Thank you, Madam Chair.

Small businesses on Main Street are the strength of our communities, and the COVID-19 pandemic has made that clear when we see all the storefronts close down and hear from our constituents about the incredible volume of aid they need and deserve. These small businesses define the identity and character of our communities.

For the past two and a half weeks, I have engaged with small businesses in Harlem, East Harlem, Washington Heights, Inwood, and the Northwest Bronx about the great difficulties they have been encountering accessing the assistance provided by the CARES Act.

I can literally count in one hand, Madam Chair, in one hand, the number of small businesses in my district who have received assistance. These thousands of small businesses that were supposed to be helped by this legislation are not getting any help. But many of them, many of them have not seen a dime.

They got tricked. They got led astray. They got bamboozled. And they are, respectfully, Madam Chair, mad as hell. I am mad as hell.

This is a major problem. It is absolutely not how any of us intended for this program to work. The actors who perpetrated this must be investigated, and they must face consequences.

We need to make sure that Main Street is bailed out. Just like Wall Street got bailed out, Main Street must be bailed out right now.

I am glad that the relief package we will vote on today will set aside funds for mission-based lenders and insured depository institutions, especially in New York City, where the credit union, minority depository institutions, micro loan lenders, and other small insured depository institutions involved in this relief program, institutions like Banco Popular, Carver Federal Savings, Harlem Entrepreneurial Fund, Neighborhood Trust Federal Credit Union, and the Upper Manhattan Empowerment Zone are used and trusted by our constituents.

Thank you, Madam Chair. We must do better. We must bail out Main Street.

Thank you, Madam Chair. I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

The gentleman from Hawaii, Mr. Case, is recognized for 2 minutes.

**STATEMENT OF THE HON. ED CASE, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF HAWAII**

Mr. CASE. Madam Chairwoman and members of the Committee, as a former Committee member, I am grateful to be able to share the profound impact of the COVID-19 pandemic on Hawaii's small businesses.

Small businesses are the lifeblood of my State. Hawaii has 132,640 small businesses. That is about one business for every 11 people. They are also smaller than those of most other States. A vast majority employ less than 100 people, with the average just 12 people. Yet small businesses employ a majority of the Hawaii workforce.

Our small businesses are also the most diverse in the Nation, 62.6 percent are minority owned, by far the highest. More than a quarter of Native Hawaiian and other Pacific Islander-owned businesses in our country are found in Hawaii.

As Hawaii's largest industry is tourism and hospitality, with international and domestic travel dried up and stay-at-home orders and travel restrictions at home, our economy and small businesses are especially hard hit by COVID-19.

Just weeks ago, our unemployment rate was one of the Nation's lowest at just 2.6 percent. Today, well more than one-third of our labor force has filed unemployment claims, and our small businesses are hanging by a thread if they are not already closed.

This committee's incredibly hard work has been a lifeline to them, just as throughout our Nation. Especially important are your efforts to ensure the immigrant and underbanked communities are not left behind.

Equally important are the small businesses of the tourism industry. They were some of the first impacted by this pandemic, and they will be some of the last to recover.

As we continue our efforts together, I urge this Committee to consider Hawaii's unique needs and additional assistance. While existing programs provide temporary relief, greater assistance will be needed to keep these small businesses and a very significant portion of my Hawaii's economy alive until our State can fully re-open for business.

I continue to stand ready to assist and incredibly appreciate your efforts. Mahalo.

Chairwoman VELÁZQUEZ. The gentleman yields back.

Now we recognize the gentleman from Kentucky, Mr. Barr, for 2 minutes.

**STATEMENT OF THE HON. ANDY BARR, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF KENTUCKY**

Mr. BARR. Chairwoman Velázquez, Ranking Member Chabot, thank you for holding today's hearing.

As a member of the Financial Services Committee, I was closely involved in the development of the CARES Act and, during this crisis, have been in frequent contact with lenders supporting small businesses as Treasury and SBA implement the bill.

I would like to address three concerns. First, SBA's breach of its statutory obligations to its lender partners. Second, overreach by

the SBA in its eligibility rules. And, third, the need to clarify that new owners of preexisting businesses qualify.

First, Congress deputized lenders to deliver small business aid, and the CARES Act mandates that the SBA pay lenders' processing fees within 5 days of loan distribution. Many lenders already distributed funds to borrowers, yet Treasury and the SBA have not provided guidance on how lenders receive these fees.

Lenders worked around the clock to process loans and help their customers. One community bank in Kentucky told me that their employees worked 24 hours a day in three 8-hour shifts with supervisors working 16- to 18-hour days. They only took off one day: Easter Sunday.

Their story is not unique. It is shared by small community lenders across the country. These lenders must be compensated for their work as directed by the statute. Just as Treasury and the SBA called on lenders to quickly get money out to small businesses, Treasury and the SBA should not hold up their end of the deal.

Second, the SBA's reliance on the existing 7(a) eligibility criteria boxes out businesses that Congress did not intend to exclude. Horse racing has a long and storied history in Kentucky, and horse tracks provide significant downstream economic benefits to their communities, but some horse tracks are ineligible for PPP loans.

I expressed these concerns to Secretary Mnuchin and continue to voice my support for local horse tracks. I am hopeful that the SBA will align its guidance with congressional intent and modify this eligibility criteria.

Finally, one of my constituents was denied a PPP loan because he purchased the business after February 15. The CARES Act provides only that the borrower must have been operational prior to February 15 to qualify. The intent of Congress is that the business itself must have been a going concern and operational prior to February 15 regardless of the ownership at the time. Despite repeated requests for a FAQ from Treasury to fix this, we still have no official clarification.

So I appreciate the opportunity to testify about these three issues and appreciate the Chairwoman's oversight.

I yield back.

Chairwoman VELÁZQUEZ. Thank you.

The gentleman yields back.

The gentleman from California, Mr. Cisneros, is recognized for 2 minutes.

STATEMENT OF THE HON. GILBERT RAY CISNEROS, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. CISNEROS. Madam Chairwoman, members of the House Committee on Small Business, thank you for allowing me this opportunity to speak on behalf of the small businesses in my district who are dealing with the economic consequences of the COVID-19 pandemic.

At this moment of incredible economic uncertainty, we must work together to help our small businesses survive this crisis. The Payroll Protection Program and expanded eligibility for the Economic Injury Disaster Loan are well intentioned and a strong first

step. However, I have heard from many in my district frustrated with the rollout of these economic relief programs, including how limited access often resulted in big banks prioritizing large companies. I urge the Committee to continue to provide strong oversight.

Additionally, current eligibility requirements prevent organizations that are trusted by small businesses from receiving Federal support. This includes local chambers of commerce, like in Brea and Chino Hills, and trade associations like the National Association of Hispanic Real Estate Professionals that provide targeted help to minority and underserved businesses. I urge the Committee to expand PPP eligibility to include 501(c)(5)s and 501(c)(6)s. These organizations ensure that economic uncertainty does not undermine their ability to serve.

Further, I have serious concerns that minority, women, and veteran owned small businesses are at increased risk during this crisis. Business owners of color have historically faced greater barriers in accessing capital, especially small business owners with English as a second language.

I urge the Committee to direct lenders to prioritize PPP loans for small businesses owned by minorities, women, veterans, and those in underserved and rural markets in the next stimulus package, and ensure information is distributed in multiple languages to reach all audiences.

Finally, I urge the Committee to advance legislation that will provide more certainty to our small businesses. The initial PPP funding provider under CARES lasted less than 2 weeks. We need to establish automatic mechanisms, such as those included in the bipartisan PPP Extension Act introduced by Rep. Kilmer, so that we do not keep lurching from crisis to crisis.

Now is the time for swift action for small businesses. My district is home to many small businesses from a diverse range of industries.

And, with that, I thank you for this time to testify in front of the Committee.

Chairwoman VELÁZQUEZ. The gentleman yields back.

Now we recognize the gentleman from Florida, Mr. Bilirakis.

STATEMENT OF THE HON. GUS M. BILIRAKIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. BILIRAKIS. Thank you, Madam Chair.

I want to thank the Chairwoman for allowing us to do this. I want to thank the Committee as well for holding this Member Day hearing on the coronavirus crisis.

Since the establishment of the Paycheck Protection Program, I have heard from countless constituents, small business constituents and owners, that the application process was difficult to navigate and that many lenders were not receptive to their needs.

Meanwhile, we discover that many well-known business chains received millions of dollars in program funds and that those applications may have been prioritized by lending institutions.

In response to these revelations, I submitted to Committee and leadership a letter asking that any future funding of PPP loans contain a set-aside specifically for the truly small business, the mom and pops of our Nation.

I was pleased to see my recommendation take form in today's funding package that set aside funds for small community banks and credit unions, which have a good track record locally of getting money into the hands of the businesses that need it most. But as we move forward we need to find better ways to ensure our local businesses get the help they need during this time or any future crisis.

I am working on legislation that would ensure that a portion of the PPP funds or funds from any future similar program go toward truly small businesses.

Our Nation's family-owned businesses and sole proprietors shouldn't have to compete with national or international chains during this time of crisis. They are in our communities. They are for our communities. They engage in local charities and teach our kids leadership lessons.

Let us be there for them. They have been there for us, Madam Chair, for so many years.

And I appreciate it very much.

Chairwoman VELÁZQUEZ. Thank you.

Mr. BILIRAKIS. I yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back.

Now we recognize the gentlelady from Texas, Ms. Escobar, for 2 minutes.

**STATEMENT OF THE HON. VERONICA ESCOBAR, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Ms. ESCOBAR. Thank you, Chairwoman Velázquez and Ranking Member Chabot, for giving me the opportunity to share what is happening to small businesses in my community of El Paso.

Over the past month, I have been holding calls with El Pasoans, including a small business telephone townhall, to gain a deeper understanding of what is happening on the ground as we confront the coronavirus pandemic.

The Paycheck Protection Program, or PPP, was established as a quick infusion of capital for small businesses that have been directly affected by the pandemic. However, I have heard from many El Pasoans that have yet to receive their loans from the Small Business Administration even after being approved.

Additionally, those who have applications pending say they are experiencing a lack of communication regarding their application status.

As the next round of PPP funding is approved today by the House, the Small Business Administration needs to ensure that funds are distributed in a timely manner and provide effective communication throughout the process.

Another issue many business owners have raised is the lack of flexibility; for example, the 75-to-25 spending ratio that the Small Business Administration requires for PPP loans. Under this rule, 75 percent of the loan must go toward payroll costs, while the other 25 percent can go to other business expenses, like rent.

This ratio simply doesn't work for businesses that have small payrolls and larger business expenses. We should not be punishing businesses simply because they have fewer employees than others. The next round of coronavirus package should include a remedy for

the thousands of businesses who have applied for PPP loans but need flexibility.

Finally, I know I am not alone when I say that it has been sickening to see that small businesses like those in El Paso have been placed in the back of the line and that large corporations and publicly traded companies have been put to the front of the line. Our small businesses are the backbone of our local economies, and leaving them out in the cold is simply unacceptable.

Congress must impose stronger restrictions on who can receive PPP loans in future funding bills and conduct robust oversight over the program to ensure that the funding is flowing to those who are intended.

Finally, Madam Chairwoman, I just want to say thank you for your incredible leadership during such an unprecedented crisis. We are all very grateful.

I yield back.

Chairwoman VELÁZQUEZ. Thank you.

The gentlelady yields back. The gentleman from North Carolina, Mr. Budd, is recognized for 2 minutes.

STATEMENT OF THE HON. TED BUDD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. BUDD. Thank you, Chairwoman Velázquez, Ranking Member Chabot, members of the Committee. Thank you for the opportunity to testify today.

You know, small businesses employ 48 percent of the American workforce, and, as a small business owner myself, I know that these businesses are often tightly knit teams working together to provide services and products in their communities. And, when they are forced to make the agonizing decision to furlough or lay off workers, it feels like they are firing a member of their own family, because, many times, they are.

What makes this all the more tragic is that the economic variables that are forcing their hand are totally beyond their control, and the situation is simply not their fault. That is why, today, I am going to vote to provide more than \$300 billion in additional funding for the Paycheck Protection Program. This program has already given a lifeline to more than 30 million small businesses, and we need to keep up the momentum.

With each passing day, the spread of the virus has slowed, but our knowledge of the virus has skyrocketed. Given those facts, we have to begin reopening the economy.

Now, this can be accomplished while also listening to our medical experts and the President's guidelines. I have spent weeks on the phone with small business owners across my district who don't know how they are going to pay their workers if the economy remains indefinitely shut down.

Since 43 percent of small businesses are considering permanently closing if this shutdown continues, we have to get the gears of our economy moving again before they crumble and devastate the entire American workforce for years to come.

I look forward to working with you all to reopen our country and to kicking off a great American comeback. Thank you again for the opportunity to testify today, and I yield back.

Chairwoman VELÁZQUEZ. Thank you.

The gentleman yields back, and the gentleman from California, Mr. Gomez, is recognized for 2 minutes.

**STATEMENT OF THE HON. JIMMY GOMEZ, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. GOMEZ. Chairwoman Velázquez, I want to thank you for having me here today. I urge the Committee to ensure small businesses and underserved communities receive the critical financial assistance they need and are not turned away by big banks.

California's 34th Congressional District, like others, have been devastated by the economic destruction caused by the coronavirus. It is home to many talented artists and creatives that allow our film, television, and theater industries to thrive. Like other freelancers and self-employed individuals, they are still waiting to apply for the pandemic unemployment insurance. And, if they did apply for a Paycheck Protection Program loan, they were last in line.

My district is also home to vibrant small businesses and non-profits predominantly owned by families, women, and people of color. For example, Corissa and Gabriel Hernandez are co-owners of Xelas Bar in Boyle Heights, a staple in the community. They applied for both the Economic Injury Disaster Loan and the Paycheck Protection Program over 3 weeks ago and have not received aid. They had to make difficult decisions to furlough their entire staff. They are one of many.

Edmundo Rodriguez is the owner of Elsa's Bakery based out of Highland Park. When he went in to apply for the paycheck protection loan, he was turned away from his business' bank despite being a client for over 20 years. He didn't even have a chance to apply before the funds ran out. He is one of many.

It didn't matter that they applied the first day these loans became available. Funds were exhausted before they made it into the pockets of those that needed it the most: brick and mortars. Meanwhile, national hotels and restaurant chains received millions.

It is evident big banks are prioritizing larger loans rather than loans on a first come, first served basis. Community-based financial institutions rather than private banks are more committed to making capital accessible to the communities they serve.

The Paycheck Protection Program and the Healthcare Enhancement Act take a step in the right direction by setting aside \$60 billion for community-based lenders, such as small banks, credit unions, minority depository institutions, and community development financial institutions. But this isn't enough.

I urge the Committee for more funds to community financial institutions and then direct the U.S. Department of the Treasury to reveal who is getting the loans and who is not getting the loans.

And, with that, I yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back.

The gentleman from Nevada, Mr. Amodei, is recognized for 2 minutes.

STATEMENT OF THE HON. MARK E. AMODEI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA

Mr. AMODEI. Thank you, Madam Chairman, and I appreciate the opportunity to appear in front of you today.

The purpose of my accepting your invitation to testify falls under the lessons learned category. This is the first page of the CARES Act. It is a statute enacted by the House, enacted by the Senate, signed by the President. This is the first page of section 120.110 of the Code of Federal Regulations. It was not enacted by the House, it was not enacted by the Senate, and it was not signed by any President of the United States. It is a Clinton-era regulation that SBA promulgated to process SBA loans during regular times.

Nothing wrong with it in and of itself until, in applying the CARES Act, the SBA issues guidance to financial institutions that says our internal regulations say you cannot apply for a loan.

Now, the operative language in the CARES Act was any small business, which is defined as 500 or less employees. Those folks are all fully licensed, legally operating in their jurisdictions, paying people, sponsor Little League teams, healthcare, retirement, all those things. Many of them were shut out because of this situation and other ones where internal regs were used as a reason to say you cannot apply.

My purpose in appearing here today is to suggest to this Committee that we need to basically make a differentiation between economic disaster, in terms of when we pass something that says we want to reach as many people as possible, and internal regulations, which are 25-plus years old that, quite frankly, bear no resemblance to the time that we are at today.

So I would commend the Committee's attention to this under lessons learned so that we don't have people that are basically turned away who are otherwise very deserving under the specific language of the statute.

Thank you, Madam Chair, and I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

The gentlelady, Ms. Lee from Nevada, is recognized for 2 minutes.

STATEMENT OF THE HON. SUSIE LEE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA

Mrs. LEE. Thank you, Madam Chair. I want to thank you and the Committee and your staff. I remember being on a phone call with your staff when we passed the CARES Act, and the attention in looking at all the possible scenarios really was commendable. I was so hopeful when we passed the CARES Act that we were going to get the needed aid to our companies, our small businesses. It was called the Paycheck Protection Act, as you are well aware, to protect the paychecks of all employees.

What was not included in that act was an exception. Yet that exception is impacting my community quite significantly.

I share the views of my colleague from Nevada, Mr. Amodei, as well. There was no statutory mandate excluding gaming from this bill, and yet, basically, Washington bureaucrats chose to apply a regulation that was not meant in this bill.

So I ask that this Committee—first of all, I ask that the administration finally do the right thing and address this administratively. And if they cannot do that or refuse to do it—which, by the way, it is sort of bizarre that the bigger part of the CARES package applied to our bigger gaming operators. They get to access that money. I am talking about the restaurant owners, the tavern owners, convenience store owners. These are all employees all deserving of protection. I know you understand that, and I thank you for all of your work. I ask that if the administration continues to make this exception—and, in my opinion, overreach—that this Committee will address this statutorily in the next round. So thank you so much for all of your help.

Chairwoman VELAZQUEZ. Thank you.

Now we recognize Mr. Byrne from Alabama.

STATEMENT OF THE HON. BRADLEY BYRNE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA

Mr. BYRNE. Thank you, Madam Chairman. I appreciate the opportunity to be here today to speak on behalf of the small business owners in my district. Let's not forget that no matter how much money we pump out of Washington, it doesn't take the place of the American economy. At some point, we have got to get back to work.

I am pleased to know that 27,000 loans have been approved for the small businesses in the State of Alabama. Most of those are pretty small dollar loans. And I am grateful before the legislation for the House today that sets aside specific funding for small banks. Alabama community bankers have been doing yeoman's work processing thousands of small dollar PPP loans, and I hope that all financial institutions will step up to the plate and make a commitment to do the same.

Unfortunately, while we have seen some success with PPP, the evidence is clear that the SBA bureaucracy is failing our small businesses when it comes to the Economic Injury Disaster Loans, EIDL loans. The CARES Act promised \$10,000 grants within 3 days of application was a lifeline for thousands of small businesses in my district. It was supposed to be there to help them get this money in this unprecedented time. In addition to the grantees, businesses are also in desperate need of the promised underlying loans to meet working capital needs, often to supplement their PPP loans. Yet many of my constituents who have received the EIDL loans and grants were disappointed in the small amounts that were provided. Most have simply heard nothing from the SBA and are unable to obtain answers over the telephone system, currently the only process to check on their loan status. As of April 20, the SBA reported it had only approved 183 EIDL loans for the entire State of Alabama, and it appears SBA has only processed at most a quarter of grant applications. The situation is totally unacceptable.

Today I submit to the Committee a letter I sent to the SBA with 103 of our colleagues.

We have asked SBA to brief all of us on the EIDL situation and provide answers that our constituents desperately need. Thank you again for the time today, and I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

Mr. Burgess from Texas, you are recognized for 2 minutes.

**STATEMENT OF THE HON. MICHAEL C. BURGESS, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Mr. BURGESS. Thank you. Is that on now?

Chairwoman VELAZQUEZ. Yes.

Mr. BURGESS. I thank the Chair, and I thank the members of the Committee for allowing me to testify. This novel coronavirus has caused a public health crisis unlike anything seen in recent memory. It has not only infected hundreds and thousands of Americans; it has infected and affected our Nation's economy. Temporarily shuttering businesses to social distance is correct, but it has left numerous small businesses struggling to survive. The Paycheck Protection Program and the Economic Injury Disaster Loan program are vital, and our Nation's small businesses are the backbone of our economy, and they do need a lifeline during this time of crisis.

Unfortunately, within the Paycheck Protection Program and the Economic Injury Disaster Loan Programs provided by the CARES Act excluded 501(c)(6) organizations, which includes our local chambers of commerce. Within the 26th District of Texas, chambers of commerce have literally worked around the clock to ensure that their members have access to needed resources. These organizations need support to be able to afford their payroll, their billing, and to provide essential services for their members. Ranking Member Chabot was good enough to join me on a call with my chambers locally earlier this month, and this very problem was delineated while he was on the call.

I also request that the Committee work to relax the affiliation rules to allow more businesses with small local branches to be able to receive assistance. Some businesses employ between 10 and 20 people and operate like a small business but are unable to receive assistance because their parent company comprises more than 500 employees. During this time, we really do need to be practical to ensure that no hard-working Americans lose their job or their business. As this Congress moves to replenish small business funding, we must extend assistance to 501(c)(6) organizations and relax the affiliation rules. We cannot leave them behind.

I thank you for your attention. I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

The gentleman from Georgia, Mr. Carter, is recognized.

**STATEMENT OF THE HON. EARL L. "BUDDY" CARTER, A REP-
RESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA**

Mr. CARTER. Thank you, Madam Chair, and I thank the Committee for all the work that you have done. I know you have done yeoman's work, and we appreciate it, especially in supporting the small businesses across the country. Its members, your members, have been a valuable resource as the Paycheck Protection Program has rolled out over the last month.

It is nothing short of unprecedented to stand up a \$349 billion program and send out funds to businesses in such a short period. While I am happy to report positive stories of businesses in my district, it is not without its flaws, and I would like to highlight some priorities for the program going forward.

First of all, in ensuring that funds reach our rural communities and agriculture producers, the initial confusions about who was eligible for the program, how loans should be calculated, or simply just submitting it to the SBA system led to a delay for many small businesses in receiving a loan or even missing out completely on the program's first round of funding.

One of the biggest confusions that has hindered applications has been around how 1099 independent contractors should be considered for PPP. The legislative text provides two options. Small businesses can include them in their applications, or 1099 workers can apply individually. However, the PPP FAQ says businesses should not include them. This must be clarified.

The inability to get clear guidance for PPP loans and the justifiable fear of the program running out of funds has been some of the biggest frustrations my constituents have had over the past month. The provisions in today's replenishment of PPP, that \$60 billion be set aside for smaller lenders, will be helpful, but we need to ensure funds are truly going to smaller businesses, especially those in rural America. More should also be done to promote the PPP liquidity facility created by the Federal Reserve to encourage banks to provide PPP loans with zero risk. Lenders hitting their lending limit need to be aware of the resources.

In closing, again, I want to thank this Committee for your work and for the opportunity to share my district's experiences with PPP, and I want to reiterate the need for Congress to provide small businesses with certainty throughout this pandemic.

Thank you, and I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

The gentlelady from Virginia, Ms. Luria, is recognized for 2 minutes.

STATEMENT OF THE HON. ELAINE G. LURIA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mrs. LURIA. Thank you. Thank you, Madam Chair. Small businesses are the backbone of my district as the 115,000 people employed by small businesses account for more than half of all employees in the district. In this time of crisis, more work must be done to help all small businesses. Despite congressional intent, some business cannot benefit from the Payroll Protection Program. SBA must clarify the affiliation rules as it relates to PPP loans.

For seasonal businesses, I recommend directing SBA to base loan eligibility on revenues from the same timeframe last year rather than from the prior 4 months. I also recommend allowing businesses to defer the start of the 8-week period during which expended loans can be forgiven until the date the businesses can reopen.

To continue to ensure access for PPP funds, the Committee should incentivize banks to serve new customers or prohibit banks from restricting which businesses can apply for PPP loans. The Committee should also prohibit big banks from considering the size of a loan while processing applications so the smallest customers have an equal shot at funding. Businesses that can provide lower payroll costs as a share of overall operating costs should be allowed to use more of their loan for nonpayroll costs. This change would

be especially beneficial for the hospitality and aqua culture and fishery industries, which need to pay rent or other maintenance and overhead costs for their facilities and equipment. Additionally, the Committee should require the SBA to provide applicants with clear and transparent timelines for when the loan grants and applications will be processed. Finally, the Committee must help the SBA balance the quick distributions of funds with the program's integrity.

On behalf of the small businesses of coastal Virginia, thank you for this opportunity to share these priorities for the upcoming COVID-19 relief legislation, and I will submit my full testimony for the record. I yield back.

Chairwoman VELAZQUEZ. The gentlelady yields back.

The gentleman from Utah, Mr. Curtis is now recognized.

**STATEMENT OF THE HON. JOHN R. CURTIS, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH**

Mr. CURTIS. Thank you, Madam Chair, for this opportunity, and members of the Committee. This is an unprecedented time in our Nation's history, and many of our small businesses across the country are experiencing unimaginable losses due to no fault of their own. Small businesses are the backbone of the Utah economy. As a matter of fact, they make up over 90 percent of the businesses in my district. As a former small business owner, I have a soft spot in my heart for these courageous entrepreneurs who make constant sacrifices in order to grow our businesses and our economy. Ultimately, when this is all over, I don't believe it will be government that saves us. I believe it will be our small businesses.

The recently passed CARES Act pumps billions of dollars into Utah's economy and small businesses, giving over 21,000 Utah businesses with under 500 employees critical help at an important time. Despite this, businesses throughout my community need more help and now. This bill we will vote on later today is critical to delivering resources to the parts of the country and economy that are currently on life support, and I am grateful to be here in Washington, D.C., with you and my colleagues to vote for this legislation to help our small business owners and employees.

Thank you. I yield back the balance of my time.

Chairwoman VELAZQUEZ. The gentleman yields back.

Mr. Kilmer from Washington, you are recognized for 2 minutes.

**STATEMENT OF THE HON. DEREK KILMER, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF WASHINGTON**

Mr. KILMER. Thank you, Madam Chair, and members of the Committee. Small businesses aren't only the backbone of our economy, they are our economy's star running back. They rack up the tough yards, and they score the touchdowns on Main Streets across this country, creating over 60 percent of new jobs in the private sector.

As we work to contain the spread of coronavirus and save lives, our star running back, our small businesses, are getting tackled behind the line of scrimmage. I think the Federal Government should do some blocking and call some plays for them. And that is why the CARES Act included funding for loan programs to help small

businesses and their workers get through this crisis, including the Paycheck Protection Program to help employers keep their workers on the payroll, and I thank this Committee for its leadership on that program.

But these programs have had a rocky rollout, and clearly, more funding is needed. I believe there is no time to lose because businesses are making decisions right now about whether to hunker down and weather through this or fold the tent. And that is why I introduced the bipartisan Paycheck Protection Program Extension Act to nearly triple the funding in the PPP and to extend the program's duration. Our businesses need certainty and breathing room to help build demand. My bill will ensure that every qualified small business is able to access the critical assistance needed to retain their workforce and cover basic operating costs for the duration of the pandemic, including the ability to get more assistance should tough times continue.

We also need to think about what it means if businesses can't fully reopen in 2 months. We can't just think about the next play, but we need to know what our call will be in multiple situations. That is why Federal assistance should build in automatic triggers to kick in if economic conditions remain dire and provide additional help when needed. We need a game plan that includes more help for small businesses facing challenges now, one that also includes stabilizers that work quickly and automatically to get help where it is needed when it is needed.

It is time for a comprehensive strategy to help small businesses. Think of it as Main Street beast mode to empower them to score the points our economy will desperately need. I hope this Committee will consider the PPP Extension Act as part of that plan.

Thank you, Madam Chair.

Chairwoman VELAZQUEZ. Thank you. The gentleman yields back.

The gentleman from Indiana, Mr. Pence, is recognized for 2 minutes.

**STATEMENT OF THE HON. GREG PENCE, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF INDIANA**

Mr. PENCE. Thank you, Madam Chair. Thank you for the opportunity to come before your Committee today. I am glad Congress has come together on a bipartisan agreement to replenish relief funding for small business. The health and safety of Hoosiers and all Americans is and will remain my top priority.

Like all of us here today, we have also been hearing from small businesses in the Sixth District of Indiana throughout this pandemic and across the country. Today I want to address property owners who are not receiving the relief they so desperately need. With customers sheltering in place, landlords in my district and nationwide are facing a catastrophic revenue collapse that will create lasting damage in our communities on the property values and on the property tax revenues. Madam Chair, even giant retailers who have kept their doors open to provide essential services are not paying their rents. Retail stores are shutting down and closing, but there is no relief for the landlords who run the town centers and strip malls which house these stores. The government has

forced stores and malls to shut down, and many landlords are generously forgiving rent to suffering small businesses, but the property owners are also financially suffering. We are on the brink of defeating this virus, but when our country reopens, will there be stores to open back up?

My colleagues on this esteemed Committee, we must ensure landlords are not forgotten in this process. There are many Americans who currently own buildings with no paying tenants in them, and they have major issues looming. There are several companies like that in the Sixth District and across the Hoosier State. As a small business owner, I feel it is my duty to speak up for them in D.C. as we fight to defeat this virus and provide relief for the American people. God bless all. I pray everyone stays safe. I yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back.

The gentleman from Colorado, Mr. Neguse, is recognized for 2 minutes.

**STATEMENT OF THE HON. JOE NEGUSE, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF COLORADO**

Mr. NEGUSE. Thank you so much, Madam Chair, for giving us this opportunity, and thank you for your leadership over the course of the last several months.

The Paycheck Protection Program has provided some relief to struggling small businesses in my district. However, the rigidity of the SBA in Washington, D.C.'s interpretation of several of these provisions in the CARES Act has blocked numerous small businesses in my district, including startups in Boulder and Fort Collins, seasonal businesses in mountain communities and resort areas, and mom-and-pop restaurants across Colorado from accessing these critical funds.

And so, with regards to the PPP, I would respectfully request that the Committee consider the following proposals:

First, extending the covered period for loan forgiveness to longer than 8 weeks so it better reflects the current stay-at-home orders.

Providing flexibility for small businesses with low labor costs who are unfairly disadvantaged by the rigid 75/25 rule as promulgated by the SBA, a huge issue in the mountain communities and resort areas that I represent.

Also, providing flexibility for seasonal small businesses by tying the look back period with the corresponding year ago 2019 period so that our ski areas can recover when this public health emergency has passed. I represent Vail, Breckenridge, Winter Park, some of the best communities in our country, and they have been hit tremendously hard by this public health emergency.

Eliminating the gaming exception, which Representative Lee articulated earlier today from the great State of Nevada: The Wall Street Journal reported that the hardest hit county in the United States of America economically is Gilpin County, which I have the honor of representing in Colorado, where mom-and-pop restaurants have been severely impacted by the exception that I mentioned.

And then, finally, transparency and accountability provisions, which I know that the Chairwoman cares so deeply about, so that

we can ensure that the taxpayers know how these funds are being spent and to stop some of the abuses that we have read about.

Again, I thank the Chairwoman as well as the Ranking Member for their leadership in these very trying times and appreciate your consideration of these proposals.

Chairwoman VELÁZQUEZ. Thank you. The gentleman yields back.

Mr. Johnson from Louisiana is recognized for 2 minutes.

STATEMENT OF THE HON. MIKE JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. JOHNSON OF LOUISIANA. Thank you, Madam Chair, and Ranking Member Chabot, all members of the Committee for your work and swift action in helping to produce the Paycheck Protection Program. It has worked as we all had hoped. It has been a critical lifeline, as you know, saving millions of jobs and helping countless small businesses to stay afloat while we are in these uncharted waters. We will get through this.

In Louisiana, it has worked very well. We have had already 26,635 loans approved worth more than \$5.1 billion, and that has been essential. The small businesses are the backbone all of economy, as we all know, and as we add this additional funding to the Paycheck Protection Program today, we are going to help a lot more businesses.

Three ideas very quickly that I hope you will consider going forward. Number one, I want to associate myself with the remarks of Congressman Pence a few moments ago. We do have a catastrophic revenue collapse, and many landlords and property owners who didn't have any relief in the PPP, and they have been crying out for help, and I think some of that is very well deserved.

Number two, the chambers of commerce. As you know, the 501(c)(6) organizations were left out of the PPP, and I just believe, and I know you do, our local chambers are going to be critical players as we begin to rebuild the economy. They are the ones that are going to help plug all this back in to get the events rebooked and to help the small businesses. So they need some due regard.

And, finally, the last idea, as has been mentioned a couple of times, Mr. Neguse and others have said it, we need some flexibility, I think, on the back end of this for the repayment of this. There are some businesses who are not having their employees come back due to no fault of their own, and I think we need to give them due deference on that. They are in good faith. We can separate the ones that aren't. But the ones that are doing what we hoped and intended ought to be given that.

So delighted to work with you. Thank you for your partnership and the opportunity to speak today, and I thank you for all your work. I yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back.

The gentleman from Virginia, Mr. Griffith, is recognized for 2 minutes.

STATEMENT OF THE HON. H. MORGAN GRIFFITH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. GRIFFITH. Thank you so much for holding this hearing today. Small businesses throughout the country have seen their revenues become nonexistent in a matter of days due to stay-at-home orders meant to stop the spread of the coronavirus. The Paycheck Protection Program has allowed many small businesses to stay afloat and mitigate some of these layoffs and revenue losses. Though there were some technical problems early on, I was surprised at how quickly Treasury and the SBA were able to move. By April 11th, I was hearing from businesses across my district that they were getting the funds that they had applied for.

The Economic Injury Disaster Loan Program has not been nearly as successful, even though in the first aid package that Congress passed in late February we added additional money to help fund that program. I have heard numerous complaints from small businesses in my district over the past 2 months who have yet to receive those funds, and they don't know the status of their applications. I would urge the Committee to investigate the reasons for SBA's delay on this program. I would also urge the Committee to assess the feasibility of having banks, credit unions, and small community lenders carry out the EIDL program as well as PPP.

While the PPP loan program has been a success, I am afraid it could be a bridge to nowhere. While many businesses have been able to keep their employees and to stay open, without at least beginning to reopen our economy before the end of the 8-week period, the bridge that Congress has provided will collapse or leave our businesses out on the end of the bridge with nowhere to go. These business owners will once again have the sad duty of laying off those same employees and, in many cases, closing their doors forever.

And just a few examples were my district where I have been out and about, the guy who does the oil change on my car says that his business is only 45 percent of what it was before. One of the local fast food restaurants has lines in the drive-through way back. Even though it looks like they are being successful, their business is off by 55 percent.

So I would have to agree with my colleagues who have asked for some flexibility on that repayment, and I would also have to say that, while those things are happening and some things have been pushed off, the real estate taxes, the personal property taxes, the business license taxes all are going to have to be paid at some point, and yet these businesses don't have the revenues that they anticipated.

I yield back. Thank you so much.

Chairwoman VELAZQUEZ. The gentleman yields back.

We recognize the gentleman from New Jersey, Mr. Malinowski, for 2 minutes.

STATEMENT OF THE HON. TOM MALINOWSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. MALINOWSKI. Thank you, Chairwoman Velázquez, Ranking Member Chabot, for the opportunity to testify about the Paycheck Protection Program. The PPP is an important, necessary pro-

gram to keep businesses alive and employees on the payroll, but I don't need to tell you that the rollout of this program in many parts of the country has been a disaster. I have been in close touch with small business owners in my district, and it is difficult to fully capture the level of fear, frustration, and uncertainty that they are feeling right now. They are also just plain ticked off when they read that a national steakhouse chain made off with \$20 million, that favored bank customers who didn't need help nearly as much as they did got concierge service while they wait on hold for hours, day after day, hoping for some small piece of news.

I am delighted that we are setting aside money for community banks now, but I am livid that the Senate and the administration refused to consider a single change to the program to ensure that banks treat all of their customers with equal respect. I am angry that some of us were accused of playing politics because we wanted to fix this program before punting more money into it. We all know it is going to need more money again soon, and I believe it should be fully funded for the duration of this crisis, but let's do better than that.

Before we add more money to PPP, let's add rules that prevent big companies with access to other capital from gobbling up loans that should be going to truly small businesses. Let's create a dedicated pot of money for those truly small businesses so the bagel shop, the laundromat, the flower shop with four or five employees isn't competing against companies with 400 or 500. Let's add stronger eligibility requirements to ensure the program is only open to businesses actually at risk of going under.

And I wish it went without saying, but big banks should not be writing the rules here. We should be. The banks have to be made to understand that they have been drafted just as soldiers in a war are drafted. For this purpose, they are agents of the American people, acting in our interest, not their own. And if that hasn't been made clear enough, it is on us to make it so.

We are in the worst economic crisis since the Great Depression. How we respond will decide whether the economy of the early 2020s will look like that of the early 1930s. Small businesses are digging deep, and to do right by their employees, the rest of us need to step up and have their backs. Thank you, Madam Chair.

Chairwoman VELAZQUEZ. The gentleman yields back.

The gentleman from South Dakota, Mr. Johnson, is recognized for 2 minutes.

STATEMENT OF THE HON. DUSTY JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH DAKOTA

Mr. JOHNSON OF SOUTH DAKOTA. Madam Chairman, Mr. Ranking Member, thank you.

Of course, I also want to thank the 11,000 South Dakota businesses that participated in the PPP, the Paycheck Protection Program. Our recovery, which will take place over time, will be much more successful and will happen more rapidly because those businesses kept their employees on the payroll during this difficult time.

Congress has done a number of things right, a lot of things right with our coronavirus response packages, but of course, we have not

been perfect, and today I want to highlight two key areas where we still need to act.

First, we have left too many organizations on the outside of PPP looking in, and so we need to adjust eligibility criteria so that co-operatives, small gaming operations, local hospitals with governmental affiliations, 501(c)(6) organizations, and franchises, that they too can keep their employees off the unemployment rolls. That will help this economy.

Second, I cannot stress how important it is that we continue to get assistance to our agricultural producers. Farm and ranch country have been simply battered by a combination of unbelievable market volatility and steep price declines. Now, we have made some progress securing \$23 billion for producers, but more funding is clearly, clearly needed. We also need to adjust payment limits and to provide flexibility to support producers who have no place to take their livestock because the processing plants in their area have been shuttered or drastically have reduced their capability.

Those are the two most important issues that I wanted to talk about today, ma'am, but there are more that I have outlined in this letter to the Speaker and to the Republican leader, and I hope that it can be added to the record of today's proceeding.

Thank you for this opportunity.

Chairwoman VELAZQUEZ. Thank you. The gentleman yields back.

Mr. Katko from New York, you are recognized for 2 minutes.

**STATEMENT OF THE HON. JOHN KATKO, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF NEW YORK**

Mr. KATKO. Thank you, Madam Chair, and thank you all for being here today. I am here not to complain. I am here to say thank you on behalf of the many hundreds and probably thousands of small businesses in my district that have benefited from the PPP program.

I want to thank the Committee for their bipartisan work in response to the COVID-19 pandemic. I want to commend the SBA and Treasury for their expeditious work to provide relief to America's small business community. Think about it: They distributed \$250 billion in loans and grant support to small businesses before the Treasury was able to give \$1,200 checks to people they knew where they were and where their accounts were. That is pretty remarkable, and I commend them for that.

Over \$20 billion in paycheck program loans have already been approved in New York State. Funds from the Economic Injury Disaster Loan program have begun to make their way out across the State, amounting to over \$210 million in advance funds. That is fantastic. These programs have helped many small businesses in central New York to keep their doors open and their workers paid. I can't tell you how many businesses I have heard from, often calling up in an emotional state, saying: Thank you. You saved our jobs. You saved our business. I worked my whole life for this and hit this disaster, and were it not for this program, I would have shut my doors.

That is working. That is what government is supposed to do: help out small businesses and get out of the way.

And that is exactly what we are doing here.

The Paycheck Protection Program and Healthcare Enhancement Act, Phase 3.5, is going to ensure that more small businesses in my district are able to obtain relief. I liken it to a race car at the beginning of the track, revving its engine. They are all ready to go; they are just waiting for us to get it across the finish line today, and we are going to do that. It provides an additional \$310 billion for the Paycheck Protection Program to ensure more businesses can participate. It increases funding for the Economic Injury Disaster Loan program by \$60 billion.

I am also pleased that the legislation allows small and medium size farms, which are all over my district, to take advantage of this program, which it badly needed to do, and that was a well done adjustment by all of you. It provides \$2.1 billion to support the Small Business Administration as they work to administer these programs.

Congress must work to ensure that the PPP remains available to struggling businesses going forward during this crisis. Additional funding will be necessary to continue providing relief and ensure that small businesses have confidence in the program. Additional work is needed to ensure that the program accurately reflects the payroll needs of all businesses. I am proud to advocate with Representative Angie Craig of Minnesota for additional flexibility for seasonal employees, which I think is very important.

And, with that, Madam Chair, I yield back. Thank you.

Chairwoman VELAZQUEZ. The gentleman yields back.

The gentleman from Pennsylvania, Mr. Fitzpatrick, is recognized for 2 minutes.

STATEMENT OF THE HON. BRIAN K. FITZPATRICK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. FITZPATRICK. Thank you, Madam Chairwoman, and thank you to the Ranking Member as well.

Madam Chair, I am going to cut right to the chase here. We all know what the issues are. The PPP was well intended, poorly executed. It clearly missed the mark. We are here today to put more money into the program. Clearly needed. There have got to be guardrails put up on this program that prevent what we have seen in Pennsylvania, which I am sure all my colleagues have seen, where anybody under 500 employees is all put in the same bucket regardless of whether they are a hedge fund owner or a brokerage firm that is down 10 percent revenue with no plan to lay off their employees. And at the same time, you have small mom-and-pop shops, pizza shop owners, owner-operated day care centers that have no access to capital, no cash flow, who are getting denied. That is not the congressional intent of the Paycheck Protection Program. We have got to fix it. We have got to include our nonprofit communities as well. We all know what we need to do here. Let's fix this because this is a make-or-break moment for our country.

Second, Madam Chair, is a topic that Madam Chairwoman raised regarding business interruption insurance. I signed onto a letter along with this Committee. I used to be a member of this Committee as well. We have two choices going forward. God forbid,

we are down this path. We either choose the path of government bailouts, or we create an insurance product. Right after 9/11, we created the TRIA program, which made all the sense in the world. It was market priced. It was risk based. And it was federally backstopped. There are a lot of industry tradespeople out there that are trying to say that this is not their problem. They don't want to be a part of the solution. They have to be part of solution. We can create a product where they can make money that insures our small businesses because, Madam Chairwoman, there are now small banks in our community that are now telling small businesses they will no longer extend lines of credit and financing unless they can show some level of insurance. That has got to be the solution going forward. These bailouts are inefficient. They miss the target. They result in endless deficits and the endless printing of money, and they miss the mark as PPP has. We can fix it. Let's work together with the Treasury Department to make sure that those guardrails are set up so that we protect our mom-and-pop small businesses and not give these loans out to people that don't need them.

Madam Chair, I yield back.

Chairwoman VELAZQUEZ. Thank you. The gentleman yields back.

The gentlelady from Washington, Ms. Schrier, you are recognized for 2 minutes.

**STATEMENT OF THE HON. KIM SCHRIER, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF WASHINGTON**

Ms. SCHRIER. Thank you, Chairwoman Velázquez, and Ranking Member Chabot, for holding this hearing. The Paycheck Protection Program is extremely popular based on the demand that we are seeing. And for the livelihood of small businesses and nonprofits, it is imperative, as you have heard many times, that we get its implementation right. We can't punish the smallest businesses just because they don't have longstanding lending relationships with banks. We need automatic triggers so the loans and forgiveness will renew if this economic strain persists far longer than we anticipated and businesses need to keep their idle employees on payroll for more than 8 weeks. Otherwise, their employees will just end up on unemployment 8 weeks later.

The lack of detailed guidance from the administration about requirements for PPP loan forgiveness puts small businesses in challenging positions when they have to make decisions at a moment about payroll, leases, and work orders. My constituents have expressed concerns about banks not honoring the first come, first served ethos. I have heard from several businesses that their PPP application goes unanswered by their bank while larger customers are actively courted and have their applications approved quickly. I realize these are anecdotes, and we will know more when we have good oversight, but many businesses who act quickly and do everything right are still getting overlooked by their banks.

Now, there are restaurant owners in Auburn who haven't heard about their EIDL application. Cashmere Mountain Bed & Breakfast in Leavenworth, Washington, applied for a PPP loan on the first possible day and used their local bank. They haven't yet re-

ceived a loan or a word. Their business averages \$80,000 per year and has just two employees, and they have been left out.

I am hopeful that struggling businesses will get help with the passage of today's PPP and Healthcare Enhancement Act. The set-aside for funds to be distributed through small local banks should help, but as you continue to consider changes to the PPP, we want to make sure the little restaurant owner and the bed and breakfast owner are taken care of. Thank you very much.

Chairwoman VELÁZQUEZ. Thank you. The gentlelady yields back.

At this time, the Committee is going to take a short 5-minute break. The Committee stands in recess.

[Recess.]

Mr. EVANS. [Presiding.] The Committee will come back to order. We will resume with members' testimony, starting with Mr. Phillips of Minnesota, who is recognized for 2 minutes.

STATEMENT OF THE HON. DEAN PHILLIPS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. PHILLIPS. Thank you, Mr. Evans, and as a small business owner myself, I am grateful to all of you for the important work you do on behalf of small businesses. In a couple of hours, I will be voting to inject another \$310 billion into our exhausted small business relief programs, but I do so with serious reservations. While the need is as real as it is urgent, the programs simply are not working as intended. Far too many small businesses in my district and throughout the country have not been able to access the PPP or EIDL programs even as they face the real prospect of having to close their doors for good.

Once again, I am afraid a Federal program designed to support every business is benefiting those which need it the least at the expense of those which need it the most. Take independent restaurants, cafes, bars, and clubs, for example, the quintessential community small businesses without which no American town would ever be the same. Most are now shut down, and many are being shut out. Take Jason, the owner of Monie's Bar and Grill in small but mighty Maple Plain, Minnesota. PPP did not work for him due to the 75/25 rule, the 8-week window, and other challenges with the covenants. So he applied for an EIDL loan on April 8th, over 2 weeks ago, and what did he hear back? Crickets. Not even an acknowledgment of receipt of his application. You could say that Monie's couldn't get the money.

Now, there are thousands of businesses in my district that have benefited from PPP and EIDL loans, and I am grateful for that, but there are thousands more who have been shut out and need our help now. It will not matter how much money we throw at the problem if the system by which it is distributed is inaccessible to businesses who need it the most. My recent letter to Treasury Secretary Steve Mnuchin proposes much-needed commonsense changes, and I submit it for the record.

Despite these challenges, I do remain hopeful. And this bill, while imperfect, will surely help more people, but our job is not done. We must fix what is broken and ensure that intensive oversight and accountability is present where the money flows and

where it goes. And to the small businesses of our country, I say: Keep the faith because help is on the way.

Thank you, Mr. Chair.

Mr. EVANS. Mr. Keller of Pennsylvania.

**STATEMENT OF THE HON. FRED KELLER, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF PENNSYLVANIA**

Mr. KELLER. Thank you, and I appreciate the opportunity to talk about how the provisions of the PPP and the CARES Act have positively impacted the businesses in Pennsylvania's 12th Congressional District. In the first round of PPP funding, Pennsylvania had nearly 70,000 small businesses take advantage of the program. These businesses received a combined total of \$15 billion in loans. Similarly, 700 Pennsylvania small businesses have received loans through the SBA's EIDL program for over \$138 million.

The Paycheck Protection Program and the EIDL have been important and successful programs in keeping small businesses open and people hired during this pandemic. Every dollar used in these programs to keep businesses operating and people employed is a dollar invested in our economic recovery and also a dollar not spent on unemployment.

I can talk from experience with talking to people in my district that there has been robust interest in the small business components of our COVID-19 response in Pennsylvania's 12th. Recently, our office facilitated a successful call between small businesses and banks in our district and regional officials from the U.S. Small Business Administration. The Small Business Administration, which had been a great resource throughout the process, answered questions for over an hour from small businesses and lenders. We had hundreds of people on the call and found that the information was helpful in their process for applying for small business relief.

One of the persistent questions we have received is how these programs apply to our agricultural community. While qualifying farms have been able to access paycheck protection benefits, I am glad to see language in H.R. 266 that will confirm EIDL benefits apply to qualifying farms.

Small businesses employ nearly half of all Americans. They are the heart of our economy and will be a major player in our economic recovery. Many speak about finding a way to the new normal. At least as far as the economy is concerned, I hope we return to the old normal where the American worker built the greatest economy the world has ever seen.

Thank you, and I yield back.

Mr. EVANS. Mr. Schiff from California, you are recognized for 2 minutes.

**STATEMENT OF THE HON. ADAM B. SCHIFF, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. SCHIFF. Thank you, Madam Chair, Ranking Member Chabot, members of the Small Business Committee for the opportunity to provide feedback on this vitally important program passed as part of the CARES Act. I am pleased we are providing additional funding for SBA relief programs, but I am deeply concerned that, without further programmatic changes and further as-

sistance, many small businesses will be forced to close permanently, causing enormous economic suffering and slowing our recovery.

Many small businesses and nonprofits in my district are frustrated by the difficulty of getting help and finding a lender. They have been moved to the back of the line behind larger businesses with established relationships and feel forgotten. This is a particular issue, as we have seen in the recent New York Times report, for small businesses that are customers of very large banks but are not the favored customers of those banks. Congress must get to work funding those businesses, large and small, that need it. Small businesses that have seen their revenue cut to zero in weeks cannot survive much longer. They will close, and many will not come back. So I strongly urge the Committee and Congress to consider programmatic changes that ensure greater access to the PPP and EIDL programs but also how we go further to get help to the businesses and nonprofits that most need it.

I am also puzzled why the first tranche of funding has been distributed inequitably among the States with California receiving one of the smallest per capita amounts. I ask the Committee to look into this disparity and make sure that SBA loans are distributed fairly.

And, finally, I would ask the Committee to consider the interplay between the small business program and unemployment compensation. In discussions with local businesses, like the Tallyrand Restaurant in Burbank, many are having difficulty rehiring workers who are already laid off and on unemployment compensation. They want to participate in this program. They are required to rehire employees, but those employees have already gone on to the unemployment system. So, if we could consider how that interplay works and affects these small businesses, to make sure they keep their doors open.

Finally, I would like to advocate for a broader vision in the next major relief package like a large payroll guarantee program that would be equitable for businesses large and small. It would be efficient. It would avoid layoffs and I think will be commensurate with the size of the economic challenge facing the country. So I thank you for your attention and your work on this, and I yield back.

Mr. EVANS. Mr. Roe of Tennessee, you are recognized for 2 minutes.

**STATEMENT OF THE HON. DAVID P. ROE, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF TENNESSEE**

Mr. ROE. I thank the Chair and the Ranking Member for holding this very important meeting. We have rolled out an amazing PPP plan in a very short period of time. With that said, any program like this is going to have a few hiccups, and there are three changes I would like to discuss today, basically.

One is to encourage the SBA to allow lenders the discretion to offer loans to companies in Chapter 11. We have a newspaper business in my district that has a strong underlying book of business, but the structural changes in the news industry has left it saddled with some debt. Before the crisis, they were on track to reopen, but now the business is not sure it can survive. I think by asking lend-

ers to review the underlying business and ensure that it is in a strong position can save many businesses.

Number two, I would like to encourage this, specifically to allow medical practices that have more than 500 employees but less than 500 at its individual practice locations to be afforded the same PPP loans as the hospitality industry and restaurants. In fact, CMS actually requires medical practices to submit applications to qualify for an accountable care organization by each practice location. And the SBA wants to look at the total number of people working there, and this makes no sense. Absent this action, there won't be a private practice of medicine, I am afraid. My practice has been there for 50 years, and for the first time ever, we laid off a third of our employees.

And, lastly, I want to encourage the Committee to start considering a different start date for the loan forgiveness. In Sevier County, Tennessee, where Dollywood is, there is a lot of entertainment. This goes across the country. And if you have, let's say, a Comedy Barn, and you use this program, there is nobody there because the Governor has shut that down. We can't open it. So it would really help these businesses, when the Governor gives his okay in our State to open these businesses back up, that the clock then starts for the 8-week loan forgiveness.

I appreciate very much the opportunity to speak today, and I yield back the balance of my time.

Mr. EVANS. Mr. Rose of New York, you are recognized for 2 minutes.

STATEMENT OF THE HON. MAX ROSE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. ROSE. Thank you very much for your time.

Thank you, Chairwoman Velázquez, Ranking Member Chabot, for having us here today and for your leadership for New York City businesses, Chairwoman, especially.

I commend this Committee's amazing work in establishing both the PPP and EIDL programs, two unprecedented programs that have seen unprecedented demand demonstrate how responsive government should work when confronting national crises.

As you all know, true small businesses are facing absolutely immense challenges accessing these programs, challenges made worse during the turmoil and uncertainty of this pandemic. Nowhere is that more so the cases than for businesses on Staten Island and south Brooklyn, two of the locations hardest hit by this virus in the entire world.

Small businesses in my district need help. They cannot afford to wait. I come before this Committee to ask that you help these businesses by addressing the following issues: We can start by ensuring history does not repeat itself by letting the big banks prioritize the wealthiest clients while small businesses in my district wait for even a reply after submitting their application. By using prescriptive language in future relief bills, we must look out for the businesses who need help the most and make it harder for big corporations to use emergency relief funds to optimize their bottom line.

We also have to look ahead. The banking industry estimates that this next tranche of money could last only a week or so. Based off

what I am hearing from my district, I can't tell you—I can't tell my constituents with a straight face that they will be able to access these funds again when they—after this dries up. I was proud to see \$60 billion put aside for State and Federal credit unions, micro lenders and such, but we need to do more for the nonprofit sector as well. Look. Plain and simple, more relief very well might be needed. This crisis is far from over.

And I thank you again for all of your extraordinary leadership.

Mr. EVANS. Ms. Slotkin of Michigan, you are recognized for 2 minutes.

STATEMENT OF THE HON. ELISSA SLOTKIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Ms. SLOTKIN. Thank you. Mr. Chairman, Ranking Member Chabot, thank you for the opportunity to share the effects of the COVID-19 crisis on Michigan and Michigan's Eighth District.

I consider the bill that we are going to vote on today as a must-pass piece of legislation. In Michigan, we have been deeply hard hit by this crisis. Only two States have lost more lives to COVID-19, and Michigan is a fraction of the size of those States. Our Governor, Gretchen Whitmer, has issued Stay Home, Stay Safe, designed to limit the spread of the virus. And that has unquestionably saved lives, but it comes at a real cost to our economy. Small businesses, retail shops and cafes, brew pubs, restaurants, greenhouses and lawn companies, hair salons, and machine shops, they have had to close and sharply reduce their business activity in order to keep their workers and their customers safe.

In response, we have tried to do anything we can to get those business owners a scrap of information in this process, and I thank you all for doing such wonderful work to keep people informed. We have held virtual summits with businesses, done Facebook Live events in the Detroit and Lansing areas. Main Street businesses across the district are eager for any news. In that environment, the passage of the PPP program, Paycheck Protection Program, was absolutely necessary, and replenishing it today is as well.

Let me share what I have heard from some of our businesses. In Brighton, a receipt of a PPP loan means the Work Skills Corporation can continue programs that last year placed 1,200 people in jobs providing services to our most vulnerable residents. The Cookies and Cream Ice Cream Shop in Lake Orion got a PPP loan and were able to keep nine seasonal employees on the payroll, preparing for their springtime opening. In Rochester Hills, PPP helped keep Dutton Farms alive so it can continue to provide economic opportunities for the developmentally disabled. And in Lansing, our very beloved minor league baseball team, the Lugnuts, is better equipped to weather the storm and bring us that summertime joy.

And I thank you for passing this legislation. I thank you for proposing it and for allowing our smallest businesses to benefit this time around. Thanks so much.

Mr. EVANS. Thank you.

Ms. Sherrill of New Jersey, you have 2 minutes.

STATEMENT OF THE HON. MIKIE SHERRILL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Ms. SHERRILL. Thank you. Thank you to Chairwoman Velázquez, to Acting Chair Evans, and Ranking Member Chabot and the Subcommittee for this opportunity.

Thank you to my colleague, Representative Kim, for advancing New Jersey's priorities on this Subcommittee.

As many of you know, New Jersey is one of the hardest-hit States in the Nation. Along with New York, we account for 45 percent of the cases nationwide. So I am grateful for the Committee's work in helping our struggling small businesses face this unprecedented pandemic. I testify today for New Jersey's small businesses and towns as we continue to develop future stimulus packages.

I want to highlight two key issues I am seeing in New Jersey. First, additional funds to the Paycheck Protection Program is only the first step. We must take the lessons learned and apply them now. I hear from companies daily: a Nutley Florist who cannot find a lender, an engraving store in Little Falls who cannot find out the status of their loan, a yoga studio in Verona whose bank stopped taking applications, and the list goes on.

It is not sufficient to nearly add more funding. We must make it easier for businesses to access these funds and live up to the intention of the program we created. The \$10,000 EIDL grants promised within 3 days are now only marginally available, devastating small businesses in NJ-11 and demoralizing owners who are fighting to take care of their employees.

Second, we must ensure direct funding for smaller towns and counties. The CARES Act took the first step of providing funding for States and larger localities but ignored counties like Morris in my district, which falls just under the population threshold to qualify for the funds. For more rural Sussex County, COVID challenges are still resource intensive. Direct funding is critical to keep the fight up for our constituents. We must rectify this. We must support our county officials and mayors as they face unexpected budget shortfalls through no fault of their own on top of the COVID-19 crisis.

Local electeds from towns like Hopatcong and Chatham Township are incredibly concerned about revenue loss from sources like construction permits, which had already dropped because of the SALT deduction cap and an inability of residents to pay property taxes.

So thank you for this opportunity. I look forward to working with you on a bipartisan basis as we move forward on critical legislation. Thank you very much.

Mr. EVANS. Thank you.

Mr. Womack of Arkansas, you are recognized for 2 minutes.

STATEMENT OF THE HON. STEVE WOMACK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Mr. WOMACK. Thank you, Acting Chairman Evans, and to my colleague, Mr. Chabot, for your leadership and to have the opportunity here to be heard today at this hearing.

I come today pretty much with my Ranking Member of the Budget Committee hat on. I will save the specifics for what I think could

happen to the small business piece of the act that we have passed and what we are considering today and talk a little more generally about where we are as a country fiscally.

No doubt the coronavirus is a challenge unlike anything we have faced before. I think we would all agree that this pandemic has impacted every facet of our life and our economy. Our response, just as this situation, has been unprecedented. We acted swiftly to help families and businesses across the Nation. It was the right thing to do. Between the CARES Act, the Families First Act, we delivered immediate relief to support medical workers and hospitals, helped families and workers, and stabilized the economy to the best of our ability. With no template on how to navigate these times, the goal was to make resources immediately available, and we did. There is no doubt that these efforts delivered assistance. For example, Arkansas alone saw 21,000 PPP loans administered, totaling \$2.7 billion, to help the small businesses in Arkansas and keep workers on the payroll.

However, our continued response must be focused on doing what is necessary, not what is wanted. We must ensure our efforts are targeted to help the needy, not prop up the opportunistic. Discussions about another high-dollar legislative package are already underway and even though the full effects of this crisis nor the impact of the bills we have already had signed into law are fully known. May I remind my colleagues that, before anyone had heard of COVID-19, this Nation was on track to overspend itself by more than a trillion dollars.

I believe it is important to address the needs of our Nation, but I also believe it has to be done in a very responsible way. We have to be targeted. It has to be temporary. And it must be transparent. The insatiable appetite to throw a lot more money at the problem must be constrained.

With that, Mr. Acting Chairman, I yield back the balance of my time.

Mr. EVANS. Thank you.

Mr. Horsford of Nevada, you are recognized for 2 minutes.

STATEMENT OF THE HON. STEVEN HORSFORD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA

Mr. HORSFORD. I want to thank the acting Chairman—it is great to see you in that role—and to the Ranking Member, Mr. Chabot, and members of the Small Business Committee and to the staff for keeping us safe.

I want to thank you for allowing me to address an issue that is important to my State of Nevada but also that affects some 43 other States in our country.

The gaming industry is vital to local small businesses. It supports more than 350,000 small business jobs and delivers \$52 billion annually in small business revenue, including construction, manufacturing, retail, and wholesale firms. In many States, especially in my State of Nevada, gaming pays a significant share and contributes significantly to State budgets with more than \$10.7 billion in gaming taxes and Tribal revenue.

However, in light of COVID-19, commercial and Tribal casino operators have been forced to close their doors. And while many small

businesses are able to participate in the Paycheck Protection Program, which we have provided now \$660 billion in relief, the SBA has used unfair and, I would say, discriminatory guidance and has stated that small businesses that have a portion of gaming revenue are to be precluded from receiving any of these funds. This is outrageous. Nevada currently is ranked 43rd out of 50 States in the amount of money that we have received from PPP. We have over 8,700 businesses who have been funded with the loan, but disproportionately restaurants, small taverns, and other local businesses are not even eligible to apply, and, therefore, Nevada is being left out. On top of that, my minority-, women-, and veteran-owned businesses have not gotten an equal share of the funding either.

So, while I am voting for this bill today, I am calling on this Committee to join with me and members of our delegation to fix this issue that prohibits gaming companies from getting their share of the money. And I am asking you, Mr. Chairman, to work with us as we address this issue, not just for Nevada but for all of the United States.

Thank you, and I yield back.

Mr. EVANS. Mr. Tipton of Colorado, you are recognized for 2 minutes.

STATEMENT OF THE HON. SCOTT R. TIPTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. TIPTON. Thank you, Ranking Chair Evans, and my colleague, Ranking Member Chabot, for the opportunity to be able to address Small Business Committee. We would like to echo some of the same comments that were made by my colleague in regard to making sure that we know where the dollars are going and showing some fiscal restraint as well.

However, in Colorado, healthcare workers and officials have responded admirably to the COVID-19 crisis, but there are a few easily resolvable issues on the business side that could help maximize Colorado's healthcare response. Many of our rural hospitals in Colorado are in a unique situation of being partially owned by the county and the district under State laws. While they function like nonprofits, their ownership structure has created confusion about whether they are eligible for the PPP as the Small Business Act prohibits government-owned entities from accessing Small Business Administration loans. I have written to the SBA to be able to seek clarification on this issue and was told by the administration's liaisons that they are working on it. Meanwhile, I have heard from at least two rural hospitals in my district that were approved for PPP loans and received funds but who have subsequently been cautioned by their attorneys against using those funds in the event that they are deemed ineligible for the PPP program.

Rural hospitals operate on an extremely thin margin, and the PPP would be a lifeline for many of them. Unfortunately, because there has been a lack of clear guidance from the SBA, and the interim funding package was silent on the issue, county and district-owned hospitals are in limbo. We need to clarify this issue now because we need clarity on it now. We cannot afford to lose rural hospitals and to have them close their doors in the midst of this pan-

demic. I would like to ask this Committee, Treasury, and the SBA to take up these concerns and to come together to resolve this issue for rural hospitals and the many, many Coloradans who rely on them. Thank you for this time.

Mr. EVANS. Thank you.

Ms. Stevens of Michigan, you are recognized for 2 minutes.

STATEMENT OF THE HON. HALEY M. STEVENS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Ms. STEVENS. Thank you, Acting Chair Evans and Ranking Member Chabot and members of this distinguished Committee. Thank you for the opportunity to testify and for your continued leadership to our country's impeded economy and to our struggling small businesses in the face of a public health crisis to the likes our Nation has never seen.

In Michigan, I am working around the clock with small businesses and the 25 beautiful towns I have the privilege of representing, comprised of beautiful downtowns with restaurants, gyms, hotels, mom-and-pop shops, sandwich stores, and people who came to this great Nation to build these businesses; people who grew up in my communities, who were born here, who graduated from West Bloomfield High School, from Waterford Kettering, from Churchill High School; people who have given it all to achieve the American Dream; people like my parents, who are small business owners.

We must, my friends, orient our policymaking towards long-term economic viability in our new scientific reality. We are not as in charge as we would like, but I am optimistic. I have hope. We must evolve and truly reckon with the task at hand for the health outcomes oriented towards the science, for the economic viability, for our workers, and their employees.

We cannot feign the revenue loss for businesses. We do not intend to feign revenue loss for businesses. We must achieve standardized health guidelines for the operation of our cities, for our enterprises, the employers in our cities, and the very functions of society. We will learn, we will evolve, and we will continue to prevail.

I am grateful for my credentials as a former Treasury official during the last financial crisis, and I worked closely on the State Small Business Jobs Act of 2010.

Many Michigan businesses have shared obstacles to accessing the Payment Protection Program funds, from the lack of guidance and oversight for lenders, to the lack of transparency in distribution. Many businesses will be dealing with the impacts of the pandemic for years, and we will not be successful without additional flexibilities.

I remain committed to you, Mr. Chairman, and to this Committee as we move forward for the health and success of our overall economy.

Thank you.

Mr. EVANS. Mr. Roy of Texas, you are recognized for 2 minutes.

STATEMENT OF THE HON. CHIP ROY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. ROY. I thank the Chair.

Twenty-six million unemployed Americans; 43 percent of American families have had a reduction in their paycheck or an elimination of their paycheck. I would posit that what we are doing is not working.

We have met twice. We have spent \$2 trillion, and now are throwing another \$460 billion, whatever the number is, at it. And I am going to hold my nose and vote for the bill today because there are 700,000 businesses on the outside looking in hoping to get some capital to keep the jobs afloat and to keep the businesses they inherited or built alive.

But we have got to change our approach. We have got to get our businesses back up and running. We have got to restart our economy. We can't fund our economy from Washington. We have got to get people back to work. And, if we are going to continue to have programs, they need to actually function.

As many of my colleagues previously have talked about, I think my friend, Mr. Phillips, I think, who spoke a little bit earlier, about the extent to which the PPP program isn't functioning the way it needs to to work. And the combination of the unemployment insurance program where we are paying people more to not work than to work is fundamentally undermining the ability of businesses to get the benefit of a forgivable loan that requires them being able to go back and rehire people.

This is not the way for us to do business. And Congress is going to have to meet, we should be here every single day until America is back, because we can't allow the 75 percent requirement, the 8-week requirement, the 2-year repaid loans. We are asking businesses to take a gamble, to go borrow money, to start paying back their loan in 6 months, feeling like they have got to repay it in 2 years, hoping that they will get it forgiven, to rehire people they can't rehire because of unemployment insurance is paying people more not to work than to work. That is not a way to do business.

Mr. Chairman, I hope we can do better, and we should be meeting regularly to fix this problem.

Thank you, sir.

Mr. EVANS. Thank you.

Mr. Thompson of California, you are recognized for 2 minutes.

STATEMENT OF THE HON. MIKE THOMPSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. THOMPSON OF CALIFORNIA. Thank you, Mr. Evans.

I am concerned about reports regarding the small businesses unable to access relief enacted under the CARES Act.

Mr. EVANS. Can we—your microphone. Can you start over?

Mr. THOMPSON OF CALIFORNIA. It shows red. Is it on?

Mr. EVANS. It should be on now, yeah.

Mr. THOMPSON OF CALIFORNIA. I am concerned about the inability of businesses to access relief that we passed and provided for under the CARES Act. Like other Members, I have received many desperate calls from small business owners who have encountered major difficulties applying for the Paycheck Protection Program and the Economic Injury Disaster Loan Program.

These programs were to help businesses survive and save the jobs of their employees. This is, in part, because some mainstream

banks are prioritizing their well-heeled clients ahead of mom-and-pop businesses who need the assistance the most.

In my district, for example, one business owner applied to 10 banks. Another owner applied at four banks and finally received a \$200,000 loan from a bank in North Dakota. My district is in California. And they got that loan because they called in a favor from a friend who got the loan moved to the top of the list.

One constituent with a 42-year very positive existing relationship was passed over.

These stories show that, even with an existing relationship with a bank, some folks are left out in the cold. Large corporations, like Potbelly and Ruth Chris, which are highly capitalized, received funding that accelerated the depletion of critical SBA loan relief.

Small businesses were not getting access to loans, and many have been unable to apply before the first batch of funding ran out. They must lose—they may lose their businesses, and their employees, our priority for passing this bill, will be out of a job.

I respectfully urge this Committee in the next legislation to close the corporate loopholes that place large businesses above the small businesses in the PPP, and reexamine the way in which PPP reimburses banks to ensure that they don't cherry pick loans that they process. And I respectfully ask that eligibility for the PPP be extended to 501(c)(6) organizations.

Thank you for your time.

Mr. EVANS. Thank you.

Mr. Thompson of Pennsylvania, you are recognized for 2 minutes.

STATEMENT OF THE HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. THOMPSON OF PENNSYLVANIA. Mr. Evans, thank you so much. And thank you to the Chair, Ranking Member, and all the members of the House Committee on Small Business. I want to thank you for the opportunity to share feedback from small business owners and lenders from Pennsylvania's 15th Congressional District.

I am grateful for the SBA's work in recent weeks to implement PPP and deliver relief directly to millions of small businesses and their employees. In this 2-week period, I have learned a lot working with small business owners. Many have expressed concern, as small rural banks are still in need of assistance as funds went out to many with prior relationships with the Small Business Administration.

Many have voiced concerns with PPP loan forgiveness. Specifically, I have heard PPP lenders and borrowers expressing that current guidance needs to further account for real world contingencies.

Some employers are concerned with former employees who may not return on payroll in a timely manner. Treasury states that, to qualify for forgiveness, the employer has until June 30 to restore employment and salary level for any changes made to staff and payroll. Employers have reached out to me personally voicing that, under the current economy, it is difficult to restore pre-pandemic employment.

Second, some lenders and borrowers share the concern that 75 percent of the total amount of a PPP loan must be used towards

payroll costs for the loan to be forgiven completely. This has caused confusion for some business owners who borrowed 2.5 multiple over the payroll costs for the PPP interim final rule from the Treasury. Business owners are concerned that that may result in a failure to have the loans forgiven.

Finally, I am appreciative of the support provided by CARES for our Nation's farmers and ranchers through USDA and SBA. Many have struggled mightily in the past decade as prices have been challenging and average farm income was nearly halved.

Just as prices began to rebound and trade negotiations improved, this pandemic started, devastating markets as restaurants and schools closed their doors. It is said that 54 percent of all meals prior to this pandemic were eaten at restaurants, and people have now returned to the kitchen table.

So I am pleased to see that today's legislation will ensure agriculture's eligibility for the Economic Injury Disaster Loans, and I thank you for your support.

In conclusion, I want to thank the Chair, the Ranking Member, and the members of the Subcommittee for your continued dedication to our Nation's small businesses. I appreciate your consideration, and I look forward to working together in the future.

Mr. EVANS. Thank you.

Ms. Spanberger of Virginia, you are recognized for 2 minutes.

STATEMENT OF THE HON. ABIGAIL DAVIS SPANBERGER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Ms. SPANBERGER. Good morning, and thank you to Chairwoman Velázquez and Ranking Member Chabot, and to you, Mr. Evans, for providing me with the opportunity to address the Small Business Committee today.

According to the Small Business Administration, small businesses make up 99 percent of Virginia's businesses. These 700,000 Virginia businesses are not just a statistic, a building, or a sign out front; they are the dreams of our neighbors.

But, right now, across Virginia, COVID-19 has put these dreams in jeopardy. Yes, many businesses have found innovative ways to adapt to these challenging times, but, in conversation after conversation with business owners in my district, I have heard dire concerns about their livelihoods, their families, and their employees.

Today, we are taking the right step in providing additional robust funding to the Paycheck Protection Program. I am the first to acknowledge that there have been issues with the implementation of the PPP, but I also know that, in this moment of crisis, this assistance is still desperately needed in central Virginia and throughout the country.

Just last week, I spoke with a small business owner in my district who said PPP has been a, quote, "godsend"—yes, that is the word he used—for his businesses and his employees. Others have called it a lifeline. It is not an overstatement to say that PPP funding is ensuring his business' very survival.

Once we move forward with this additional PPP funding, we should also attempt to fix some of the major issues with the pro-

gram, including that all eligible businesses, not just a bank's top customers, can get these loans.

I also urge my colleagues to review the guidance that was put in place surrounding payroll costs in these forgivable loans. The so-called 75/25 rule was not passed by Congress in the CARES Act. It was not signed into law by President Trump. But, yet, the SBA and the Treasury Department added this guidance before Democrats and Republicans could express our deep reservation about this onerous requirement.

The 75/25 rule has been overly restrictive on many businesses in my district, including restaurants. The implementation of PPP has been unfair to many American businesses, and rescinding this burdensome requirement would allow our businesses to use these loans to cover expenses related to their unique individual circumstances. It would level the playing field.

And, while outside this committee's jurisdiction, I also want to mention two additional items that we must include in future iterations of coronavirus response legislation.

Our next package must include additional funding for States and localities, including my rural counties in central Virginia, to address the challenges caused by decreased tax revenue. They need funding for law enforcement, they need funding for EMS, and they need funding to keep the lights on and the water running throughout our communities.

We can't leave our rural communities behind. Our businesses need these local services to stay afloat and eventually to reopen their doors.

And, to keep our rural businesses connected, we also need to push forward on additional funding for high-speed broadband internet in future response packages. I have been vocal about this issue since I arrived in the House, and central Virginia's rural communities need additional support to build reliable access to an increasingly online economy.

Thank you again for holding today's hearing, and I look forward to working with you as we fight to preserve the businesses and to protect the workers that keep our communities strong.

Thank you.

Mr. EVANS. I would like to thank you, and thank Madam Chair and Ranking Members, all members of the Small Business Committee. If there are no other comments, I would like to conclude this hearing by once again thanking all my colleagues for being here today.

I can hear the pain and frustration in your voice when you talk about the needs of our small firms, and I hear you and share many of the same concerns. Rest assured we will be doing all we can do to improve the PPP and ensure the money gets into the hands of the truly small and underserved businesses, their employees, who need it the most.

I encourage you to work with my staff and the Republican colleagues as our priorities. And with unanimous consent, Members have 3 legislative days to submit statements and supporting material to the record. Without objection, it is so ordered.

If there is no further business to come before the Committee, we are adjourned, and thank you very much.

[Whereupon, at 1:30 p.m., the Committee was adjourned.]

APPENDIX

Congress of the United States
Washington, DC 20515

April 23, 2020

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
H-232, U.S. Capitol
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
H-204, U.S. Capitol
Washington, D.C. 20515

Dear Speaker Pelosi and Leader McCarthy:

The Payroll Protection Program (PPP) is a solemn promise from Congress to America's small businesses to provide the resources to mitigate some of the economic harm caused by the coronavirus pandemic. PPP provides certainty and builds a bridge from where we were prior to this crisis to where we are going to be on the other side. Nevertheless, given unprecedented need, the initial \$350 billion investment in our nation's small businesses has been depleted in less than two weeks.

These vital resources have funded over 1.6 million loans representing paychecks and certainty for tens of millions of Americans who are self-employed, sole proprietors, or work for a small business. We are grateful for your work adding an additional appropriation to replenish PPP, but more must be done. Congress should have a plan going forward to ensure that our small businesses have the assurance they need that we will be there for them throughout the duration of this crisis.

In 2018, the Small Business Administration estimated that there were nearly 6 million small businesses in the United States and an additional 24 million non-employer firms (independent contractors, self-employed, sole proprietorships, etc.). The 1.6 million approved loans represent just 5% of the total number of potentially qualified firms. As this health crisis continues to unfold, it will be very difficult to quantify the current (or future) demand for the PPP. Moreover, logistical and safety concerns hamper Congress's ability to continually meet and vote in a stopgap manner on continuing to bolster PPP.

Congress must expeditiously and indomitably act to remove arbitrary funding barriers by having a plan to fully fund the PPP, at an appropriate level ensuring each and every entity eligible for the program receives the funds they need. The business community and financial institutions must be allowed to continue to distribute these desperately needed dollars to small businesses, which form the economic core of our communities. We cannot continue to kick the can down the road.

We need to continue our promise to all of America's small businesses and we must deliver real results for all our constituents and mitigate, to the best of our ability, the economic harm this health crisis has created.

Sincerely,



Fred Upton
Member of Congress



Josh Gottheimer
Member of Congress

Additional Signers

Sheila Jackson Lee
Member of Congress

Albio Sires
Member of Congress

Ro Khanna
Member of Congress

Denver Riggleman
Member of Congress

Jim Cooper
Member of Congress

Stephen F. Lynch
Member of Congress

Brett Guthrie
Member of Congress

Chris Stewart
Member of Congress

Jefferson Van Drew
Member of Congress

Don Young
Member of Congress

Bill Flores
Member of Congress

Anthony Brindisi
Member of Congress

Joaquin Castro
Member of Congress

Jared Huffman
Member of Congress

Ann Wagner
Member of Congress

Brian Fitzpatrick
Member of Congress

Dan Newhouse
Member of Congress

Troy Balderson
Member of Congress

Vicente Gonzalez
Member of Congress

Louie Gohmert
Member of Congress

Paul A. Gosar, D.D.S.
Member of Congress

Bruce Westerman
Member of Congress

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

Frederica S. Wilson
Member of Congress

Tim Walberg
Member of Congress

Rep. Bill Posey
Member of Congress

Jaime Herrera Beutler
Member of Congress

Doug LaMalfa
Member of Congress

Alex X. Mooney
Member of Congress

Roger Marshall, M.D.
Member of Congress

Tom Cole
Member of Congress

Pete Olson
Member of Congress

Cheri Bustos
Member of Congress

Anthony Gonzalez
Member of Congress

Earl L. "Buddy" Carter
Member of Congress

Jim Costa
Member of Congress

Susan Wild
Member of Congress

Juan Vargas
Member of Congress

Carol D. Miller
Member of Congress

Dusty Johnson
Member of Congress

Van Taylor
Member of Congress

Don Bacon
Member of Congress

Ami Bera, M.D.
Member of Congress

Andy Kim
Member of Congress

Joyce Beatty
Member of Congress

John Katko
Member of Congress

Colin Allred
Member of Congress

Daniel T. Kildee
Member of Congress

Tom Malinowski
Member of Congress

Peter T. King
Member of Congress

Ted Budd
Member of Congress

Rodney Davis
Member of Congress

Steve Stivers
Member of Congress

Darren Soto
Member of Congress

Harley Rouda
Member of Congress

David Price
Member of Congress

Bill Foster
Member of Congress

Mikie Sherrill
Member of Congress

Thomas R. Suozzi
Member of Congress

Donna E. Shalala
Member of Congress

David B. McKinley, P.E.
Member of Congress

Ted Deutch
Member of Congress

David P. Joyce.
Member of Congress

Dear Colleague,

These unprecedented times have hit small businesses especially hard. The Paycheck Protection Program (PPP) was designed as a lifeline to protect these pillars of our communities. The PPP was rolled out swiftly and has already helped nearly 1.6 million firms nationwide. However, incredible demand has seen the initial \$350 billion investment run dry.

We are happy an agreement has been reached to refund PPP, but we would like a plan to ensure another funding lapse does not happen moving forward.

Our letter calls on Congressional Leadership to “expeditiously and indomitably” remove arbitrary barriers and craft a plan to fully fund the PPP. We all understand the serious logistical and health concerns of having to reconvene Congress and a piecemeal approach to funding will further undermine confidence and decrease participation in the program.

This effort is supported by a broad range of industry stakeholders including The American Bankers Association (ABA), The American Farm Bureau Federation, The American Hotel and Lodging Association (AHLA), The Consumer Bankers Association (CBA), Credit Union National Association (CUNA), The Independent Community Bankers of America (ICBA), The International Franchise Association (IFA), National Association of Federally Insured Credit Unions (NAFCU), The National Association of REALTORS®, National Federation of Independent Business (NFIB), The National Restaurant Association, The National Retail Federation (NRF), The U.S. Chamber of Commerce, and The U.S. Travel Association.

The PPP represents a commitment from Congress, unanimously approved by both chambers, to back the tens of millions of Americans who receive a paycheck from a small business or are self-employed, independent contractors, or sole proprietors. We ask you support this commonsense effort to fully fund the PPP.

The letter will close on Thursday, 23 at noon. To sign on use or Google form ([CLICK HERE](#)). If you have any questions feel free to reach out to Alec Zender (alec.zender@mail.house.gov) in Congressman Upton’s office or Max Virkus (Max.Virkus@mail.house.gov) in Congressman Gottheimer’s office.

Sincerely,



Fred Upton
Member of Congress



Josh Gottheimer
Member of Congress



MIKE CAUSEY
INSURANCE COMMISSIONER

Dear Business Owner,

Please know that I feel for your situation. This is a difficult and trying time for businesses and consumers who are economically suffering during this health emergency and we are all working together to find solutions that will help as many people as possible. I am working with legislators and insurance companies to provide economic relief to the extent that we can legally do so.

Currently, we are working to streamline requirements so that companies can offer discounts for automobile policyholders. We have asked health insurers to waive payments for COVID-19 testing and services, among other things. However, your issue with commercial property insurance, specifically business interruption insurance, presents a more difficult problem.

Standard business interruption policies are not designed to provide coverage for viruses, diseases, or pandemic-related losses because of the magnitude of the potential losses. Insurability requires that loss events are due to chance and that potential losses are not too heavily concentrated or catastrophic. This is not possible if everyone in the risk pool is subject to the same loss at the same time. Consider the difference, for example, between losses suffered from a hurricane and the losses resulting from COVID-19. The hurricane losses affect certain areas on the coast where the event occurred but the losses from this pandemic cover the entire nation. Therefore, mandating coverage for this size and type of loss while canceling existing exclusions in the policies would end the very existence of the business interruption insurance market as we know it. Recent estimates show that business continuity losses from COVID-19 just for small businesses of 100 employees or fewer could amount to between \$220 billion to \$383 billion per month. Meanwhile, the total reserve funds for all of the U.S. home, auto, and business insurers combined to pay all future losses is only \$800 billion. **This type of loss could cripple the insurance industry causing many companies to fail, which would put the protection of homes, automobiles, and businesses at risk.**

We can't legally force insurers to cover a risk which they didn't intend to cover and which, in some instances, was specifically excluded in the policy. However, we are looking at ways to protect businesses in the future. We are more than happy to work with legislators on both the state and federal level as well as the insurance industry to navigate this unprecedented peril.

If you have any additional questions or concerns, please do not hesitate to contact our office.

Sincerely,

Mike Causey
Insurance Commissioner

NORTH CAROLINA DEPARTMENT OF INSURANCE

ALBEMARLE BUILDING • 325 N. SALISBURY STREET • SUITE 1100 • RALEIGH, NC 27603 • 919.807.6000

I appreciate the opportunity to submit testimony for today's important hearing. We are now entering the most crucial phase of our national response to the coronavirus pandemic. What we do in subsequent relief packages will impact our economy for years, if not decades, to come. I have been proud to work with my colleagues and the Trump administration thus far to get Americans back to work and return our country to business as usual.

Moving forward, we have to acknowledge the role that local chambers of commerce will play in revitalizing our communities. These organizations provide vital resources and support to our small businesses and we need to ensure they are able to hit the ground running when the time is right. Unfortunately, many chambers are faced with cash flow issues just like everyone else, due to the understandable inability of those they serve to make membership payments. We should extend the Paycheck Protection Program (PPP) to ensure that chambers can keep their employees on payroll and continue providing assistance during and after this crisis.

We also need to continue refining PPP affiliation rules to ensure that business organization practices do not unnecessarily leave out companies that are entitled to PPP access. Despite suffering some early glitches understandable with a program of this size, the clear intent of Congress was for the program to be broadly interpreted to apply to qualifying companies regardless of their corporate structure.

In the modern economy, regional airports and other transportation hubs are critical to our communities. I am glad that we included funding in the CARES Act to provide aid to our airports as they work to remain open during this time. Unfortunately, CARES Act allocations are set to be based on financial data that the airports may not have had access to or have been able to provide when the FAA divided up the allocations. Future packages should include additional funding to ensure that each airport receives all resources that they are entitled to in accordance with Congressional intent.

Many organizations in my district and around the country provide vital support and services to the Department of Defense and other agencies. Unfortunately, during this time, the Federal Government's contracting process has nearly ground to a halt. In the interest of national security, Congress should look for ways to expedite the acquisitions process to preserve the solvency of our defense support base. Particularly for smaller contracts, the normal processes will be far too slow and arduous to allow many of these organizations to stay in business. This must be addressed in the next legislative package.

Using authorities granted in the CARES Act, the Treasury Department has created the Main Street lending program to provide additional relief options for businesses between 500 and 10,000 employees. As currently designed however, many businesses structured as S-Corporations will be left out due to the accounting procedures that their owners use to pay their taxes. I urge the Secretary to use his waiver authority to allow dividends to be used for this purpose and ensure maximum access to this program.

Again, I appreciate the opportunity to submit this testimony today and look forward to continuing to work with my colleagues to address these critical issues.

Testimony to the House Committee on Small Business
April 23, 2020
Submitted by Congressman Ted Budd

Chairwoman Velazquez, Ranking Member Chabot, and members of this committee, thank you for the opportunity to testify today.

Small businesses employ 48 percent of the American workforce. As a small business owner myself, I know that these businesses are often tightly-knit teams, working together to provide services and products in their communities. And when they are forced to make the agonizing decision to furlough or lay off workers, it feels like they're firing a member of their own family, because in many ways, they are. What makes this all the more tragic is that the economic variables that are forcing their hand are totally beyond their control. This situation is not their fault.

That's why I will vote to provide more than \$300 billion in additional funding for the Paycheck Protection Program. This program has already given a lifeline to more than 30 million small businesses, and we need to keep up the momentum.

With each passing day, the spread of the virus has slowed and our knowledge of the virus has skyrocketed. Given those facts, we have to begin reopening the economy. This can be accomplished while also listening to our medical experts and the President's guidelines. I have spent weeks on the phone

with small business owners across my district, who don't know how they are going to pay their workers if the economy remains indefinitely shut down. Since 43 percent of small businesses are considering permanently closing if this shutdown continues, we have to get the gears of our economy moving again before they crumble and devastate the entire American workforce for years to come.

I look forward to working with all of you to reopen our country and kicking off a great American comeback.

Thank you again for the opportunity to testify today and I yield back.

**Testimony of Rep. Deb Haaland (NM-01) for
Committee on Small Business Member Day
Thursday, April 23, 2020 at 11:00 AM in 2360 Rayburn**

Chairwoman Velazquez, Ranking Member Chabot, and Members of the Committee, thank you for holding this hearing.

I appreciate the hard work you have done to help our nation's small businesses weather this pandemic.

The Paycheck Protection Program provided 8,277 loans totaling more than \$1.4 billion to New Mexico small businesses.

A PPP loan will enable the Three Sisters Kitchen in downtown Albuquerque to cover two months of payroll for 14 workers. There is more we can do; however, to help small businesses get through this crisis and to recover.

For Indian tribes, we must ensure that all tribal enterprises of less than 500 employees, including gaming, are eligible to receive PPP funding.

In New Mexico, credit unions serve over 900,000 members. Increasing the arbitrary cap that prevents credit unions from lending to more of their small business members would empower them to provide more help of their members.

Through our conversations with the SBA, we were made aware that it needs heavy investment in staff.

Our New Mexico SBA district office has less than 10 employees to help the entire state. This is not enough.

As our economy recovers, small businesses will need help to pay their bills and they'll need advice and assistance, and the SBA will need more staff to provide these vital services.

Finally, and most importantly, we need increased oversight to understand that PPP loans are being allocated properly and with the intent of Congress.

We must ensure that all businesses are appropriately using funds to keep workers employed and our economy functioning, and we need to ensure that funding actually goes to small businesses.

Thank you again for your hard work, and please feel free to reach out to my office with any questions.

KILMER REMARKS – SMALL BUSINESS COMMITTEE

Chairwoman Velazquez, Ranking Member Chabot, Members of the Committee –

Small businesses are not only the backbone of our economy, they are our economy's star running backs. They rack up the tough yards and score the touchdowns on Main Streets across the country – creating over 60 percent of new jobs in the private sector.

As we work to contain the spread of the coronavirus and save lives, our small businesses are getting tackled behind the line of scrimmage.

I believe the federal government should do some blocking and call some plays for them.

That's why the CARES Act included funding for loan programs to help small businesses and their workers get through the crisis – including the Paycheck Protection Program to help employers keep their workers on payroll.

But these programs have had a rocky roll out, and clearly, more funding is needed.

I believe there no time to lose.

Businesses are making decisions right now about whether to hunker down and try to weather this storm or fold the tent.

That's why I introduced the bipartisan Paycheck Protection Program Extension Act to nearly *triple* the funding in PPP and *extend* the programs' duration.

Our businesses need certainty and breathing room to help rebuild demand.

My bill will ensure that *every qualified small business* is able to access the critical assistance needed to retain their workforce and cover basic operating costs for the duration of the pandemic including the ability to get more assistance should tough conditions continue.

We also need to think about what it means if businesses cannot fully reopen in two months. We can't just think about the next play– but know what our call will be in multiple situations. That's why federal assistance system should build in automatic triggers to kick-in if economic conditions remain dire and provide additional help when needed.

We need a game plan that includes more help for small businesses facing challenges now, one that also includes stabilizers that work quickly and

automatically to get the help where it's needed, when it's needed. It's time for a comprehensive strategy to help small businesses – think of it as Main Street Beast Mode – to empower them to score the points our economy will desperately need.

I hope this Committee will consider the PPP Extension Act as part of that plan.

Thank you.

- Thank you, Chairwoman Velazquez and Ranking Member Chabot, for the opportunity to testify about the Paycheck Protection Program—a centerpiece of our emergency economic response to the COVID-19 crisis.
- The PPP is an important, necessary program to keep businesses open and employees on the payroll. But a program is only as good as it's administered. And I don't need to tell you that SBA's rollout and administration of this program has been a disaster.
- I've been in close touch with business owners in my district over the course of the past month, and it's difficult to fully capture the level of fear, frustration, anxiety, and uncertainty they're feeling.
- They're also just plain ticked off when they read in the paper that a steakhouse made off with \$20 million while they wait on hold with their bank for hours, day after day, hoping for some small update about the status of their application.
- That isn't right. We need to do better by them.
- Now, we know that this program will need more money again soon—and I believe it should be fully funded throughout the duration of the crisis. But we need to fix it to make sure the money is going to the businesses that need it the most.
- We can start by:
 - Adding tougher rules to prevent large corporations with access to other forms of capital from gobbling up loans that should be going to truly small businesses. I don't want companies with hundreds of millions of dollars in the bank – companies that have small armies of lawyers and accountants – jumping to the front of the line.
 - Relatedly, there should be a dedicated pot of money for truly small businesses, so that the mom and pop shops with four or five employees aren't competing against companies with four or five hundred employees.
 - And I wish it could go without saying, but big banks should not be writing the rules for how the program works; they should not be turning away non-customers or prioritizing the most lucrative ones. That's partially on us—we need to establish clearer rules of the road for lenders. They've been drafted. And they need to act like it.
- There are other things about PPP that need fixing – more help for sole proprietors and independent contractors; stronger language to ensure that the program is available only to businesses that are indeed facing hardship – and I look forward to working with the Committee to put these into place.
- We are in the worst economic crisis since the Great Depression. How we respond in the coming days and weeks will, quite literally, determine whether the economy of the early 2020s will look like that of the early 1930s.
- Small businesses are digging deep to stay afloat, and to do right by their employees. The rest of us – Congress, the Administration, and financial institutions – need to step up and have their backs.

DUSTY JOHNSON
SOUTH DAKOTA
1500 LONGWORTH BUILDING
WASHINGTON, DC 20515
(202) 225-2801
(605) 225-2801
EMAIL VIA WEBSITE
dustyjohnson.house.gov



COMMITTEE ON AGRICULTURE
COMMITTEE ON EDUCATION & LABOR

Congress of the United States
House of Representatives

April 23, 2020

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
H-232, U.S. Capitol
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
H-204, U.S. Capitol
Washington, D.C. 20515

Dear Speaker Pelosi and Leader McCarthy,

Since enactment of the CARES Act, I have listened to countless South Dakotans on how this legislation is and is not working. As the House of Representatives considers technical adjustments to the Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748), I respectfully request you to consider the following programmatic changes in no particular order:

- Raise payment limits and flexibility in entity rules for agriculture assistance through the CARES Act as implemented through the Coronavirus Food Assistance Program to equitably address losses, especially for pork producers no matter the business structure.
- Provide more robust funding directly to the Secretary of Agriculture to provide assistance to producers impacted by declining prices and without an outlet due to processing closures and slowdowns.
- Provide flexibility to state, tribal, and local governments to use Coronavirus Relief Fund funds to account for revenue shortfalls.
- Permit the following organizations to be eligible for Paycheck Protection Program (PPP) loans:
 - Government-affiliated hospitals
 - Nonprofits not previously included, such as 501(c)(6) organizations
 - Small gaming operations without revenue restrictions that inhibit eligibility
- Require the Federal Reserve Board to develop a loan calculation framework for the Main Street Lending Program that enable startups and historically sound businesses with a negative Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) in 2019 to utilize the program.
- Provide Economic Impact Payment adjustments to taxpayers who claimed "other dependents" on the most recently filed tax return.
- Permit businesses to amend PPP loans for cases in which businesses received a loan that was less than what businesses were qualified for due to early participation and initial, vague Small Business Administration guidance.
- Allow agriculture producers to count all types of payroll as "payroll costs" under the CARES Act.

230 SOUTH PHILLIPS AVENUE, SUITE 307
SIOUX FALLS, SD 57104
605-275-2866

304 6TH AVENUE SE
ABERDEEN, SD 57401
605-622-1060

2525 W MAIN STREET, SUITE 310
BANGOR, SD 57702
605-646-6454

PRINTED ON RECYCLED PAPER

- Further expand franchisees to be eligible for PPP by using the Federal Trade Commission's definition of "franchise" or by further relaxing SBA affiliation rules.
- Ensure Unemployment Insurance and Paycheck Protection Program (PPP) incentives are calibrated to minimize unemployment claims nationwide.

Sincerely,

A handwritten signature in black ink that reads "Dusty Johnson". The signature is written in a cursive, slightly slanted style.

DUSTY JOHNSON
Member of Congress

April 23, 2020

Testimony for Congressman Joe Neguse (CO-2) for the Member Day Hearing on COVID-19 Response and Recovery Before the Committee on Small Business

Chairwoman Velázquez, Ranking Member Chabot, and distinguished Members of the Committee on Small Business, thank you for the opportunity to share with the Committee the small business priorities and interests from Colorado's Second Congressional District for the next legislative package.

The Paycheck Protection Program has provided some relief to struggling small businesses in my district. However, the rigidity of the SBA's interpretation of several of the provisions in the CARES Act has blocked numerous small businesses in my district, including startups in Boulder and Fort Collins, seasonal businesses in our mountain communities and resort areas, and mom and pop restaurants across the district from accessing these critical funds. With regards to PPP, I respectfully request the Committee consider the following proposals:

- Extend the "covered period" for loan forgiveness to longer than eight weeks so that it better reflects the current stay-at-home orders – this will allow the struggling restaurant in Loveland to take full advantage of the loan forgiveness provisions;
- Provide flexibility for small businesses in our mountain communities with low labor costs who are unfairly disadvantaged by the rigid "75/25" rule as promulgated by the SBA;
- Ensure small businesses can access loans by reforming lender programs and providing additional funds to community financial institutions, as well as consider a separate loan "track" for small businesses with fewer than 20 employees so that the microbusiness in Gilpin will be able to keep its doors open;
- Provide flexibility for seasonal small businesses by tying the "look back" period for seasonal businesses with the corresponding year-ago 2019 period so that our famous ski areas can recover when this public health emergency has passed;

- Include transparency and accountability provisions so that taxpayers across Colorado's Second District know how and to whom these funds are being disbursed; and
- Broaden eligibility for SBA loans for businesses that have operated in the U.S. for decades.

I also encourage the Committee to utilize every tool at the Federal Government's disposal by bolstering existing programs, including SBA's Microloan Program and SBA's Small Business Innovation Research Program so that emerging, smaller, underserved, and minority-owned businesses have access to these critical sources of funding.

Thank you for your time and consideration of these proposals. I yield back.

House Small Business Committee
Member Day Hearing on COVID-19 Response and Recovery
April 23, 2020
Testimony by Congressman Tom Rice (R-SC)

Chairwoman Velazquez and Ranking Member Chabot,

Thank you, for allowing me the opportunity to testify about the priorities of my constituents as we begin work on legislation that will help our economy safely reopen.

Tourism is a leading industry in my home state of South Carolina. The industry employs one in every 10 South Carolinians. That accounts for more than 57,000 jobs in the state. It also generates an estimated \$1.8 billion in state and local taxes. A record 20.4 million visitors in the Myrtle Beach area generated \$10.8 billion in expenditures in 2018, continuing a trend of year-over-year growth, and echoing the impact of the tourism industry reported by the South Carolina Parks, Recreation & Tourism. In 2019, the Grand Strand saw a 4% increase in visitor growth, along with \$9.2 billion gross retail sales for Horry County.

The tourist and travel industry is also very important to the health of the US economy as a whole. In 2018, the revenue of our domestic hotel industry reached \$218 billion. In 2019 the hotel industry alone employed over 1.7 million people nationwide. Tourism is part of the small business backbone of our economy. Unfortunately, according to data from the U.S. Travel Association, as many as 5.9 million jobs linked to tourism and travel could be lost by the end of April due to the pandemic.

Since this pandemic began escalating in mid-February, hotels have lost more than \$13 billion in room revenue. This figure is rapidly accelerating with hotels currently on track to lose more than \$500 million in room revenue per day based on current and future reported occupancy rates. As of April 15, nearly 8 out of 10 hotel rooms were empty across the country. With 70% of direct hotel employees laid-off or furloughed, hotel workers are losing more than \$2.4 billion in earnings each week. Individual hotels and major operators are projecting occupancies below 20% for the upcoming months. At an occupancy rate of 35% or lower, hotels may simply close their doors, putting 33,000 small business at immediate risk.

This dramatic downturn in travel will hit small businesses, like restaurants in small communities, especially hard. Many of these businesses cannot rely on local demand alone to function; they rely on tourists and travelers. Restaurants and their employees have been especially hard hit by this pandemic. Since March 1, the industry has lost more than 3 million jobs and \$25 billion in sales. Roughly 50% of restaurant operators anticipate having to lay off more people throughout April.

My district has been significantly impacted by the pandemic. South Carolina's hotel industry has lost 23,853 jobs. Furthermore, 30% of jobs in the Myrtle Beach area are considered high risk due to COVID19. A study by the Brookings Institution determined that the Grand Strand was one of the most vulnerable areas to immediate, short-term economic shocks from COVID-19 because of the impact of the pandemic on tourism. If restaurants, hotels, and other travel-dependent small businesses fail due to the pandemic travel-dependent communities, like those in the Grand Strand, would be devastated. If we fail to protect these businesses it will take small

towns and communities across America years to recover from this. I have heard from small businesses in my district that in the worst days of the Great Recession, things did not look as dire as they do today.

As we move into Phase IV of Congress's response to the COVID-19 pandemic, it is essential that we create an effective framework to allow businesses to safely reopen. To this end, we need to examine how the Paycheck Protection Program could evolve into a new program for small businesses who need assistance in reopening, especially with the new public health measures. If we don't change this program many restaurants, hotels, and America's tourism industry will not survive this pandemic.

For example, currently the PPP requires the eight week loan period to begin on the date the lender makes the loan disbursement to the borrower. This reflects the goal of the program, which was to ensure businesses retain their employees while they were shutdown. However, as we look to revamp this program to assist these businesses in reopening, it would be beneficial to allow these loans to be retained until a full reopening takes place or at anytime the business wants to use this eight week period eligible for forgiveness.

Additionally, we must identify the needs of the industries most impacted by the crisis in order to ensure they are able to get back on their feet. For example, the PPP loan should be more flexible and tailored to account for the needs of different business. For instance, I believe an exception should be made for businesses with lower labor costs, like restaurants, so they are still able receive forgiveness of this loan even if less than 75% of it is used to cover payroll costs.

Restarting growth in tourism, travel, and hospitality is vital to ensuring the long-term success of my constituents and business owners across America. I hope the ideas I have outlined are among those your Committee and the House as a whole will consider as we move forward to the next relief package for small businesses. Thank you for your time and attention to this matter. I look forward to our next steps.

House Committee on Small Business Member Day Hearing on COVID-19 Response and Recovery
Rep. Jamie Raskin (MD-08)
April 23, 2020

Chairwoman Velazquez, Ranking Member Chabot, and distinguished members of the House Committee on Small Business:

Thank you for holding this critical hearing today and for the opportunity to testify before the Committee about how the COVID-19 pandemic has affected small businesses in Maryland's 8th Congressional District. Over the past few weeks, I have heard from many small business owners—from neighborhood cafes, diners, and auto repair shops to vital non-profits serving our most vulnerable populations, to the self-employed, and sole proprietors—who are fighting to keep their operations afloat, and trying to keep employees on payroll for as long as possible.

In times of crises, our people look to the government for help, and yet the rollout of the Paycheck Protection Program (PPP) was a rocky one. There has been much confusion and well-documented failures from the Trump Administration. Existing problems with the SBA's outdated IT systems for processing applications were exacerbated by a lack of clear guidance from the SBA and Treasury, adding to the confusion for small businesses and lenders. I want to thank you, Chairwoman Velazquez, for your leadership in working to address these issues, hold the Administration accountable, and ensure that the money we appropriated is getting into the hands of the small businesses that the PPP is meant to help.

One of the most common frustrations I have heard from constituents is that SBA-approved lenders are only working with existing customers. This decision made by lenders has prevented many business owners, including sole proprietors, independent contractors, and others who do not have existing business relationships with major banks, from accessing PPP loans. Similarly, business owners who have been rejected by their primary bank have been unable to find another bank willing to work with a new customer, effectively shutting them out of the program.

Along with small business owners in my district who collectively spent thousands of hours pulling together materials for their PPP applications, I was frustrated to see large, publicly-traded companies with armies of lawyers and accountants able to quickly obtain loans for the maximum allowable amount before smaller firms in our communities were even able to apply. In light of reports that many of our nation's largest banks are prioritizing larger companies seeking bigger PPP loans, I have joined my colleagues in urging SBA and the Treasury Department to require PPP lenders to treat all applicants equally. If this is not addressed in their guidance, Congress must take action to ensure that lenders treat all small businesses equally.

Another major concern of small businesses in my district relates to the PPP timeline set forth in the CARES Act. The "covered period" for loan forgiveness in the CARES Act does not align with the current projections for the permitted reopening of businesses in our state. Unless addressed, this misalignment and other restrictions on the use of PPP money will make it impossible for many of these small businesses to survive and keep people employed. We have asked the Treasury Department to issue guidance to allow disbursement of PPP loan proceeds to be delayed and to allow PPP money to be used after June 30, 2020 to help ensure that small businesses can get back up and running. If the Treasury Department does not act, I hope that Congress will fix this problem in forthcoming legislation.

Small businesses are also distressed by the prospect of SBA money running dry within a few days of renewed funding. With the initial \$350 billion that was appropriated in the CARES Act, SBA managed to approve 1.6 million loan applications, yet there are more than 30 million small businesses in America. In

Maryland alone, there are 594,000 small businesses that employ 1.1 million workers, accounting for half of Maryland's private sector workforce. Given the reality of these numbers, we must increase the lending capacity of the PPP to help Maryland businesses and small firms all across our country stay afloat during this challenging time. I have called for an additional \$900 billion for PPP loans and urge my fellow colleagues to support this vital lifeline for our community businesses.

We took important steps in the CARES Act to create the PPP and made eligible for this relief certain nonprofit organizations, such as 501(c)(3) charities and 501(c)(19) veteran organizations, in addition to small businesses. However, the legislation did not make other 501(c) nonprofits, such as labor unions and professional associations, eligible for this relief. As we confront the public health crisis created by the COVID-19 pandemic, 501(c) organizations are confronting the same financial crisis that millions of small businesses are facing. I would encourage us to expand eligibility in future relief packages to help these nonprofit organizations—and others excluded from relief, such as landlords and residential rental property owners—to keep people employed and be ready to resume business when it is safe to do so.

I would also like to raise one other priority that we must address in the days and weeks ahead: protecting the privacy and security of SBA application data. While I appreciate the urgency of setting up the SBA online application portal and loan programs, it should not come at the expense of compromising sensitive information from loan applicants. In light of SBA's discovery that personal information for nearly 8,000 businesses who applied for Economic Injury Disaster Loans (EIDL) may have been compromised, I respectfully ask that you work with the SBA to take proactive measures to protect businesses' personally identifiable information and address any potential vulnerabilities in their outdated systems. COVID-19 has had terrible consequences for our small businesses, which should not have to face additional anxieties about their sensitive information falling into the wrong hands.

Thank you again, Chairwoman Velazquez and Ranking Member Chabot, for holding this hearing on our nation's COVID-19 response, and for your commitment to helping our small businesses recover from this unprecedented crisis.



Congress of the United States
House of Representatives
Washington, DC 20515

April 22, 2020

The Honorable Nydia M. Velázquez
Chairwoman,
House Committee on Small Business
2361 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Steve Chabot
Ranking Member,
House Committee on Small Business
2069 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairwoman Velázquez and Ranking Member Chabot:

Thank you for hosting this Member Day hearing on COVID-19 and providing Members of Congress the opportunity to provide feedback on the Paycheck Protection Program and economic injury disaster loan and grants made available to small employers impacted by COVID-19.

The COVID-19 public health emergency has had a significant effect in Florida's 10th Congressional District. In a member survey conducted last week, the Orlando Economic Partnership reported that 86% of member small businesses in Orange County, Florida have been negatively impacted by the virus.

Fortunately, with your leadership, Congress passed the *Coronavirus Aid, Relief, and Economic Security Act*, or *CARES Act*, which provided \$349 billion to the Paycheck Protection Program (PPP) and \$50 billion for the Economic Injury Disaster Loan (EIDL) Program. I am grateful that the House is poised to provide an additional \$310 billion for PPP, \$50 billion for SBA emergency disaster loans, and \$10 billion for SBA emergency disaster grants.

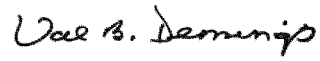
So far, my Congressional office has hosted three telephone town halls and received calls and emails from hundreds of business owners. The message from them is clear – they need financial relief to weather stay-at-home orders and be ready to reopen once the public health emergency has abated.

In speaking with my constituents and small business owners, a few key concerns have been raised throughout the process:

1. Congress must continue funding PPP and EIDL at a rate that meets the needs of businesses throughout the duration of the public health emergency;
2. The Small Business Administration, in conjunction with the Department of the Treasury, must issue clear, accessible, and consistent guidance to lending institutions and business owners;
3. Consider providing additional flexibilities under the "Affiliation Rule" to provide access to PPP for small businesses that are part of a larger portfolio of investments, including restaurants, shopping centers, and startups, among others.

Thank you again for providing this opportunity to share my strong support for the Payroll Protection Program and SBA's Economic Injury Disaster Loan Program. The men and women who operate small businesses are the backbone of Central Florida's economy and their contributions make it a great place to live, work, and enjoy.

Sincerely,

A handwritten signature in black ink that reads "Val B. Demings". The signature is written in a cursive, slightly stylized font.

Val Butler Demings
MEMBER OF CONGRESS

Statement of Rep. Albio Sires Before the House Committee on Small Business**April 23, 2020**

Chairwoman Velazquez, Ranking Member Chabot, and members of the Committee:

Thank you for affording me the opportunity to express the critical need that New Jersey small businesses face in the wake of the COVID-19 pandemic. First, thank you for your work supporting small businesses in the Coronavirus Aid, Relief, and Economic Security (CARES) Act and this week's emergency stimulus legislation. These disbursements of funding are critical to begin helping business owners and their employees through this public health emergency. The interim bill that Congress considered this week strengthens these programs and targets funding for underserved areas, but more funding and guidance is needed quickly. New Jersey has over 861,000 small businesses, representing nearly 50% of the state's economy, and the dramatic economic impact of COVID-19 is only beginning to be counted. Over the past weeks, I've heard directly from my constituents about problems they've encountered with the Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL). Local businesses complying with safety guidelines and facing difficult financial choices aren't receiving EIDL cash advances in a timely manner and have faced unclear communication from banks during the PPP application process. We must ensure that businesses receive the resources they need before they encounter dramatic consequences.

As consideration moves forward on future packages addressing the financial impact of COVID-19, I would like to reiterate the proposals I have joined my colleagues on that I believe are essential to the successful execution of these assistance programs. Specifically, I ask that future legislation fully fund the PPP at a level that ensures every eligible small business can receive the funds they need to survive this crisis, direct the Department of the Treasury and the Small Business Administration (SBA) to provide best practices to banks for PPP loan prepayment, and create a data collection mechanism to ensure assistance reaches minority-owned businesses. Additionally, I hope that you will direct the SBA to issue guidance on ensuring PPP distribution prioritizes "socially and economically disadvantaged" individuals as directed by the CARES Act and not large companies with alternative ways to raise capital. It is essential that we equitably provide all entrepreneurs with the resources they need to weather this crisis. Thank you for hearing these concerns and working to protect the small businesses that drive our communities and the national economy.

Title:

Paycheck Protection Program Flexibility

Hon.& Member's Official Name:

Hon. David P. Joyce

Full Name of Congressional State:

Ohio

Current Date:

Tuesday, May 18, 2021

Member's Name as it Appears in Official Record:

Mr. David P. Joyce

****Type Extension to Remarks below, the space allotted will expand as you type****

Small businesses remain the heart of Northeast Ohio's economy. As of 2018, over 99% of all Ohio businesses were small businesses, and they employed 2.2 million Ohioans. However, the COVID-19 pandemic is taking a heavy toll on these businesses, those who own them and the workers they employ.

Many of these businesses are in the restaurant industry, which is the second-largest private sector employer in the United States. The harsh reality is that this industry has been uniquely damaged by the impact of the COVID-19 pandemic, especially due to the necessary but burdensome social distancing guidelines which prevent people from dining out.

While Congress has acted to provide relief for small businesses struggling due to COVID-19, particularly through the Paycheck Protection Program, many restaurants in my district are concerned that the structure of the Small Business Administration's loan programs do not appropriately address the industry's expected financial loss.

I strongly encourage this committee to work with the Treasury Department and the Small Business Administration to consider requests made by the restaurant industry such as extending or delaying the start of the 8-week period for use of the Paycheck Protection Program loans. Such an action would allow restaurants to leverage those loans to hire back workers as states begin to lift restaurant closure guidelines.

I also encourage this committee, in cooperation with the Treasury Department and Small Business Administration, to consider extending the period restaurants are given to pay back the unforgiven balance of their Paycheck Protection Program loans. The devastating impact of the coronavirus on the restaurant industry means a long road to a full recovery. Restaurants need the reasonable flexibility on these loan payments intended by Congress.

While we continue to ensure the health and safety of Americans during this unprecedented time, it is critical that we continue to protect our small businesses and ensure they have the support they need, especially those in the restaurant industry. I look forward to continuing to work with the committee in accomplishing this.

****The entries below are optional – use only if you are inserting a quoted source********Type quoted SOURCE TITLE below****

****Type quoted SOURCE AUTHOR below****

****Insert or Type the SOURCE TEXT below****

**AS PREPARED FOR DELIVERY
REMARKS OF THE HON. ROSA DELAURO
TESTIMONY FOR SMALL BUSINESS COMMITTEE ON PPP
THURSDAY, APRIL 23, 2020**

Thank you, Chair Nydia Velázquez and Ranking Member Steve Chabot for allowing me to introduce testimony for today's hearing. Let me commend you for conducting rigorous and timely oversight of the relief programs that the Congress introduced as a lifeline for small and community businesses. It is clear that there is work to be done.

I too have heard from constituents who struggled to access relief funding, including through the Paycheck Protection Program administered by the U.S. Small Business Administration. Nearly all faced obstacles. Too many reached brick walls. In total, as many as 50 local businesses in south central Connecticut contacted my office with issues surrounding PPP loans. The process was confusing. It was not uniform across different banks. And, it appears that mom and pop shops across our districts were left in the dust. Of the businesses who contacted my office, 80 percent

said the tranche of available money had been exhausted by the time they finally heard back.

Restaurants in communities across the country can be an important resource in feeding our neighbors. According to the National Restaurant Association, 8 million restaurant employees have been laid off or furloughed since the outbreak began and the industry stands to lose billions in profits in the coming months. Meanwhile, two-thirds of unemployment requests are from the restaurant industry. But, what we have heard is that of the pool of national recipients, restaurants have only received 9 percent of PPP loans.

The issues can be fixed and must be fixed. So, I commend the committee for their work in helping us do so. And, I am glad to see the Congress voting on an interim package that includes dedicated PPP money to go through smaller and community-based financial institutions. It is our hope, and our belief, that doing so will better reach the businesses we hope to be reaching. However, as we begin work on subsequent packages and further examination

of the PPP program, I think you will want to make important changes.

However, as we begin work on subsequent packages and further examination of the PPP program, I think you will want to make important changes. The Small Business Administration, for example, must consider the unique business needs of different applicants. For thousands of restaurants across the country, this month's sales pay for last month's bills, currently 4 in 10 restaurants are closed. Providing targeted relief to restaurants is essential to help mitigate the ongoing damage these businesses are experiencing. If restaurants receive a PPP loan, they must promptly bring back 75 percent of their staff. But as many dining rooms remain closed, that may not be optimal. Instead, staggering those staffing requirements until after restaurants more fully open should be an option to consider. Allowing restaurants to have the flexibility to choose the PPP loan period that best accommodates the full reopening of their restaurant will allow these businesses to maximize these critical dollars. As it currently stands, PPP loans

begin on the date the lender makes the disbursement to the borrower. However, many of these restaurants are still under “stay at home” orders and simply bringing staff back to a shuttered restaurant is not an option. That is why the committee must consider making changes to the PPP loan period in any forthcoming legislation to address the PPP. These loans can make a difference for our nation’s restaurants who play such a critical role in feeding our communities, and I believe the PPP program can be improved to accommodate these vital businesses. The Committee needs to seriously consider the staffing needs and concerns of restaurants around the country.

Let me close by saying that it is imperative that we are providing relief to our small businesses and their employees. They are struggling to pay their bills through this pandemic and the resulting economic shock. I look forward to working with the committee to achieve that objective. We must ensure that businesses who qualify for these loans have a fair shot at receiving them.

Statement for Small Business Committee Member Day Hearing
Rep. Roger Marshall, M.D.
April 23, 2020

Chairwoman Velazquez, Ranking Member Chabot, and Members of this Committee:

Thank you for holding this important hearing today, and for allowing us to share some feedback on the small business programs authorized by the CARES Act. I also want to thank the Committee staff, who have worked around the clock for the past few weeks in responding to our office's questions about these programs, allowing us to best serve our constituents.

The Paycheck Protection Program and the Economic Injury Disaster Loan Program have been widely used across my home state of Kansas. In fact, as of April 20, Kansas had over 26,000 loans approved and had received nearly \$4.3 billion in assistance through the Paycheck Protection Program. Kansans want to work and get back to work, and this program has allowed Kansas businesses to keep employees ready to go once the state reopens.

However, as soon as the CARES Act was signed into law, I heard from lenders about the issues with accessing the E-TRANS portal to begin processing Paycheck Protection Program applications. One banker in the southwestern corner of my state was on hold for over two and a half hours attempting reset his pin, only to be disconnected before speaking with a representative. Numerous financial institutions said that they were losing business to other institutions who were able to process the loans, claiming that the government was favoring lenders having previous relationships with the Small Business Administration. As more businesses reached out about the loans, many lenders expressed frustration at the lack of guidance for processing the loans, noting confusion around what forms might be needed, who exactly is eligible, and what rules are going to be enforced. There is still significant frustration with the lack of guidance for the program, both for businesses looking to apply and unsure if they are eligible, as well as lenders trying to interpret rules with insufficient guidance.

I appreciate that the program has flexibility, allowing businesses that were not traditionally eligible for Small Business Administration programs to be able to apply. However, there remains uncertainty for institutions such as small colleges, who employ students throughout the school year but are unable to due stay-at-home orders and the transition to online schooling. As we vote to replenish the PPP, it's important to receive clarification on how students factor into a school's full-time employee count. We'd also welcome guidance on the tax forms that agricultural enterprises need in order to apply for the program, as their businesses are structured differently than those typically able to apply.

The forgiveness portion of the Paycheck Protection Program is important to many businesses that have shut down due to stay-at-home orders and mandatory closures. However, when we passed the CARES Act almost a month ago, many stay-at-home orders were only until the end of April and have since been extended. As we continue to respond to the ongoing pandemic, additional flexibility on timelines and covered periods will be needed so that this lifeline intended to help businesses weather this storm doesn't ultimately become the thing that drags them down.

The Economic Injury Disaster Loan program also presented challenges, despite wide-spread interest in the program. Many small businesses across my district submitted applications for EIDL loans, however received no subsequent information regarding the status of their application or where it might be in the review process. Many did not end up receiving funds, and those few that did had their \$10,000 advance

loan substantially reduced without notice. EIDL grants were intended to be a rapid cash infusion for many businesses struggling to cope with the quick onset of stay-at-home orders and mandatory closures, yet many were unable to receive that vital assistance and had no communication as to why. I am still hearing from numerous businesses who have no idea as to the status of their EIDL application. Moving forward, the SBA must do a better job of communicating with applicants, even if it's just to say that their application is still under review.

I want to once again thank you for holding this important hearing, and for allowing me to share some of the successes as well as concerns that I've heard from constituents. I appreciate this Committee's willingness to help us navigate these complicated provisions, and for your tireless efforts to support small businesses both in Kansas as well as across the country.

Thank you, and I yield back.

U.S. REPRESENTATIVE JERROLD NADLER (D-NY-10)

Statement for the Record

“Member Day Hearing on COVID-19 Response and Recovery”

Committee on Small Business

April 23, 2020

Thank you, Chairwoman Velázquez and Ranking Member Chabot, for holding this hearing today.

Across our nation, the COVID-19 pandemic has devastated small businesses. In New York City, a statewide stay-at-home order to slow the spread of COVID-19 has shuttered all non-essential small businesses for over a month. Small businesses are the lifeblood of New York City’s economy. Of the over 200,000 businesses located in the city, approximately 98 percent have fewer than 100 employees, and 89 percent have fewer than 20 employees. The impact of the city’s small business closures is evident in the over 2,000 percent increase in unemployment claims from April 2019.

In response to this crisis, Congress took action to support our nation’s small businesses by providing \$349 billion for Small Business Administration loan programs in the CARES Act. Unfortunately, over the past month, it has become apparent that these programs are not being implemented as Congress intended. The SBA and Treasury Department have been slow to issue formal PPP guidance to borrowers and lenders. This lack of guidance has resulted in large financial institutions prioritizing their wealthiest customers over vulnerable small businesses without significant lines of credit. Additionally, the SBA has issued rules to restrict PPP eligibility and added new requirements that were not included in the CARES Act. The SBA established a harmful 75/25 percent rule for PPP that prohibits using more than 25 percent of the funding for non-payroll costs. This rule change is devastating for small businesses in high rent areas like New York City and must be reversed. The SBA also issued a rule that specifically denies PPP eligibility to housing cooperatives and condominiums, threatening the financial stability of thousands of common interest communities across New York City. The SBA’s implementation of EIDL Emergency Advances has also fallen far short of what the CARES Act required. Under the law, a borrower can request an advance on a loan of up to \$10,000 from the SBA, which the SBA must then distribute within three days of the request. According to data released by the SBA, the advances have only averaged \$4,360 and have often taken weeks to disburse. Many of my constituents are still waiting to receive their advances.

While I believe the Paycheck Protection Program and Health Care Enhancement Act is an important step forward, I am, however, all too aware that this infusion of money simply will not be enough to meet demand, and many of the problems my constituents have raised with PPP

and EIDL are not addressed by this legislation. Far more must be done to guarantee that help is not being withheld from those in need.

Congress must make it clear that the current state of the SBA's loan programs is unacceptable. The SBA should immediately expand PPP and EIDL eligibility to the level that Congress intended in the CARES. The SBA must also work to improve its PPP application to make it accessible for nonprofits, self-employed individuals, and microbusinesses. Currently, the PPP application requests that nonprofits fill out a field stating the name of the owner, despite nonprofits not having an owner. When these nonprofits attempted to submit their application, they were automatically denied because they were not the owner of the nonprofit. Additionally, the application requires that the self-employed include payroll records, in spite of payroll records not existing for the self-employed. Congress also must ensure these non-traditional employers, which have been largely deprived of PPP funding, are prioritized in future stimulus packages with a designated pipeline of funding.

Congress should also consider whether or not to expand PPP or to create a similar program to provide low-interest, forgivable loans to certain types of nonprofits who may have more than 500 employees or provide educational or support services. Organizations like cultural nonprofits provide good-paying jobs and contribute billions to the economy every year, but they are locked out of PPP's forgivable loans because of their size. These organizations operate on narrow margins with little endowment and cannot carry loans. Similarly, many nonprofits are providing education and support services to other employers but are locked out of the PPP. We must ensure they are able to survive the pandemic as well.

Congress must work with the SBA to improve PPP and EIDL flexibility to support the millions of small businesses across the nation in high rent areas. Historically, the SBA has increased the percentage of non-personnel costs like commercial rent under its loan programs in the aftermath of a disaster. It is unacceptable that the SBA has instead acted against the intention of the CARES Act and decreased the percentage to 25 percent. I am also deeply troubled by the SBA's lack of transparency in its reporting of program results to Congress. Congress needs to know how this money is being allocated in order to carry out its oversight responsibilities and ensure that small businesses in need are being assisted. Finally, Congress should work with the SBA to determine how the COVID-19 pandemic is impacting small businesses with EIDL debt from previous disaster declarations. While the SBA is paying the principal, interest, and fees of previous non-disaster loans, small businesses with prior EIDLs continue to pay interest on their loans and receive monthly payment notices from the SBA. Congress and the SBA should be doing everything in their power to alleviate the burden for small businesses, particularly small businesses that have been recently impacted by multiple disaster declarations.

Thank you again, Chairwoman Velázquez and Ranking Member Chabot, and I look forward to continuing to work with you and this Committee to ensure all eligible small businesses have access to these critical assistance programs.

DEBBIE MUCARSEL-POWELL
28TH DISTRICT, FLORIDA
HOUSE COMMITTEE ON THE JUDICIARY
HOUSE COMMITTEE ON
TRANSPORTATION & INFRASTRUCTURE

Congress of the United States
House of Representatives
Washington, DC 20515-0926

114 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2778
12857 SW 42ND ST, SUITE 131
MIAMI, FL 33175
(305) 222-0160
1100 SIMONSON STREET
SUITE 1-213
KEY WEST, FL 33010
(305) 292-4485

April 23, 2020

The Honorable Nydia Velázquez
Chairwoman
House Small Business Committee
Washington, DC 20515

Dear Chairwoman Velázquez:

Thank you for your tremendous work and dedication to helping small businesses during this public health crisis. As we work to formulate the next response to COVID-19, particularly as it pertains to the Paycheck Protection Program (PPP), I request that you ensure that marina expenses are included as a forgivable expense for fishing and related marine industries, and that more fishermen have access to this important program.

Most small businesses have traditional fixed costs: rent for their brick and mortar shop, interest on their mortgage, electricity bills, and internet service charges. But for those in the fishing industry, a significant cost of doing business is paying for space at the dock or paying for ramp access. Fishermen in the Florida Keys spend anywhere from \$250 to over \$1500 a month on these expenses.

To date, the Small Business Administration has not issued any guidance as to how marina costs should be considered in the PPP and has not been able to respond substantively to our inquiries. This has left our fishermen in the lurch, not knowing if their marina costs can be covered.

Additionally, I understand you are working through some of the issues that many sole proprietorships have experienced when applying to the PPP. Specifically, many charter fishermen in my district with various business structures have been denied access to the PPP. We must ensure that our hardworking fishermen have access to the PPP so they can have enough funds to endure this crisis.

Our fishermen are suffering. This is the time of year when they bring in as much as 70% of their yearly revenue, but this year, their boats are tied up and their fishing rods are going unused. Our Keys fishermen are not only a huge economic driver, pumping hundreds of millions of dollars

into Florida's economy, but they play an important role in our "Keys Strong" community. Without them, the Keys would not be the same.

Please help our fishermen weather this storm by ensuring that they can access PPP loans and that these forgivable loans cover marina expenses.

Thank you for the consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Debbie", with a long, sweeping horizontal line extending to the right.

Debbie Mucarsel-Powell
Member of Congress

DEBBIE MUCARSEL-POWELL
26th District, Florida
HOUSE COMMITTEE ON THE JUDICIARY
HOUSE COMMITTEE ON
TRANSPORTATION & INFRASTRUCTURE

Congress of the United States
House of Representatives
Washington, DC 20515-0926

118 Cannon House Office Building
WASHINGTON, DC 20515
12051 225-2778
12857 SW 42nd St., Suite 137
Miami, FL 33175
13051 222-0180
1100 Sacramento Street
Suite 11-212
Kilv West, FL 32010
13051 292-4485

April 23, 2020

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

Dear Madam Speaker:

Thank you for your leadership and dedication to protecting the American people during this public health crisis. I am proud of the work that the Congress has done thus far to help keep our families healthy and economy afloat, but it is clear much more needs to be done.

Since the onset of this pandemic, I have held numerous telephone town halls, web conferences, and individual conversations with community leaders in my district, and my office has received thousands of emails and calls from concerned constituents impacted by this virus. I would like to highlight a number of issues of particular importance to Florida's 26th district that I urge you to consider when crafting the next COVID-19 response package.

Healthcare:

- *Testing Infrastructure:* Include funding needed to conduct organized nationwide testing of all symptomatic persons and their contacts.
- *Contact Tracing:* Include funding for each state to establish a contact tracing workforce to test and quarantine contacts of positive COVID cases.
- *Quarantine Funding:* Include funding to isolate positive cases to avoid new emergences of familial clusters. This could include utilizing hotels that are being underutilized where patients can be quarantined comfortably.
- *Bolstering the Healthcare Workforce:* Include legislation I'm introducing to help institutions of higher education (IHEs) establish and expand accelerated nursing credentialing programs, giving applicants with backgrounds in healthcare, including physicians trained in foreign institutions, access to a rapid credentialing program to be involved in the healthcare response.
- *Preserve and Strengthen Medicaid:* Do not change the Medicaid Maintenance of Effort provisions included in the *Families First* Coronavirus package. Extend the increased Medicaid FMAP benefit through not just the duration of the public health emergency, but as long as the economy is in recession. Include the provisions in the *Taking Responsibility for All Families* bill to incentivize Medicaid expansion.
- *Coverage for Treatment of COVID-19:* Include coverage for treatment of COVID-19 for all insured plans and for uninsured patients. This includes any vaccine or outpatient therapeutic needed to treat this disease.

- *Community Health Centers:* Include robust funding increases for community health centers, which play a vital role in treating underserved communities.
- *Mobile Testing Labs:* Include funding to establish mobile testing labs, which will allow health professionals administering tests to go directly into neighborhoods and hard-to-reach communities and test all symptomatic cases and their contacts.

Labor:

- *Paid Family and Sick Leave:* Remove the exemption for employers with over 500 employees, requiring them to provide paid family and sick leave.
- *Unemployment Insurance:* Extend unemployment insurance benefits for the duration of this pandemic. Include funding for states to quickly build up their UI system administrative and technological capacity to ensure the key elements of UI and expanded eligibility are used to the maximum effect.
- *Hazard pay for essential workers:* Provide hazard pay for health care workers and essential workers such as grocery store workers, truck drivers, postal workers, and others.
- *Expanded OSHA regulations:* Require expanded, informative OSHA regulations for health care workers and other essential workers.

Small Business:

- *Paycheck Protection Program:* Extend eligibility and funding for the program past the June 30 date for affected businesses. Relax restrictions requiring small businesses to spend the total loan over the first eight weeks. Remove barriers for sole proprietorship eligibility. Add stricter provisions on PPP money that direct banks to lend to all applicants, not only those with a pre-existing relationship, and to prioritize smaller businesses.
- *Nonprofit 501(c)(3):* Waive affiliation rules for nonprofits, expanding eligibility to nonprofits with multiple locations with each individually under 500 employees but aggregated may no longer be eligible.

Fishing Industry:

- *PPP:* Rather than paying mortgage interest or rent for a traditional brick and mortar shop, fishermen pay month marina fees for either dock rent or ramp access. These costs range between \$250 to over \$1500 per month. Marina costs should be considered forgivable expenses within the PPP.
- *Appropriations:* Provide significantly more funding for the fishing industry. The \$300 million included in the CARES Act was woefully inadequate.

Individual Assistance:

- *Direct Payments:* Increase the upper limit on direct payments from \$75,000 with incremental decreases to \$99,000 to instead \$100,000 with incremental decreases to \$125,000. Increase age limit on dependent children definition from 17 to 24. Continue direct payments monthly for the duration of the recession.
- *ITIN:* Utilize the ITIN for eligibility for direct payments, ensuring all taxpaying adults have access to these payments.

Agriculture and Nutrition:

- *School Meals:* Provide additional funding for school nutrition programs. Many schools rely on revenue from the share of students who pay for their meals at school. However, with schools closed and this revenue stream cut off, school districts are finding the existing USDA reimbursement structure insufficient.
- *Appropriations for Farms:* Provide additional funding for the agricultural industry, and specifically the specialty crop industry, as Florida's seasonal crop losses through mid-April are expected to surpass \$525 million. Additionally, the CFAP payment caps must be lifted.
- *Appropriations for SNAP:* Provide additional funding for the SNAP program.

Education:

- *Expanded Learning:* Include significant increases to Title I and IDEA funding for school districts to utilize for expanded learning opportunities to make up for lost learning due to COVID. This includes helping cover expenses and salaries for increased summer learning or earlier start dates for the 2021 school year.
- *Student Loan Forgiveness:* Provide \$10,000 in student loan forgiveness across the board, as well as an additional \$10,000 in student loan forgiveness for doctors, nurses, and teachers responding to this pandemic.
- *E-Rate:* Increase flexibility of the FCC's E-Rate program to alleviate home access gaps and provide internet to students, libraries, school districts during national emergencies, including COVID-19. Moreover, provide additional funding to the FCC's E-Rate and Lifeline programs to ensure sufficient home-learning capabilities for all students.
- *State and Local Budgets:* Include significant funding to cover lost revenues for state and local budgets, to prevent discretionary budget cuts to education and healthcare. Extend tax credits from *Families First* to public entities to create parity in providing paid sick and family leave.

Housing:

- *Moratorium on Foreclosures/Evictions:* Extend the housing assistance benefits from the CARES Act to non-federally backed properties. Include provisions for affordable repayment options so renters and homeowners aren't required to pay back all deferred payments in large lump sums. Consider relief funding options for landlords.

Voting Rights and Election Security:

- *Voting Options:* Require states to provide extended early in-person voting, as well as no-excuse vote-by-mail options, for all federal elections.
- *Additional funding:* Provide additional funding to states, without matching requirements, to implement early and mail-in voting provisions in 2020.

State and Local Governments:

- *Appropriations:* Provide significantly more funding for state and local governments to fight the pandemic.

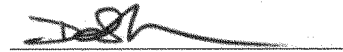
Immigration:

- *Farmworkers:* Provide funding to give farmworkers additional employee benefits, including sick and family leave, hazard pay, access to childcare, physical protection as outlined by CDC guidelines, and food assistance.

Flood Insurance:

- *Risk Rating 2.0:* Delay the implementation of Risk Rating 2.0 a further 18 months, at least. My constituents are struggling with the economic impact of this pandemic and a sudden increase in flood insurance premiums will render housing costs unaffordable.

Sincerely,



Debbie Mucarsel-Powell
Member of Congress

CC:

The Honorable Nita Lowey, Chair, House Appropriations Committee
The Honorable Frank Pallone, Chair, House Energy and Commerce Committee
The Honorable Nydia Velázquez, Chair, House Small Business Committee
The Honorable Richard Neal, Chair, House Ways and Means Committee
The Honorable Bobby Scott, Chair, House Education and Labor Committee
The Honorable Maxine Waters, Chair, House Committee on Financial Services
The Honorable Collin Peterson, Chair, House Agriculture Committee
The Honorable Eliot Engel, Chair, House Foreign Affairs Committee
The Honorable Zoe Lofgren, Chair, House Administration Committee
The Honorable Bennie Thompson, Chair, House Homeland Security Committee

COMMITTEE ON THE JUDICIARY
 *RANKING MEMBER, SUBCOMMITTEE ON
 IMMIGRATION AND BORDER SECURITY
 *SUBCOMMITTEE ON COURTS, INTELLECTUAL
 PROPERTY AND THE INTERNET

COMMITTEE ON SCIENCE, SPACE AND TECHNOLOGY
 *SUBCOMMITTEE ON SPACE
 *SUBCOMMITTEE ON ENERGY

COMMITTEE ON HOUSE ADMINISTRATION
 *JOINT COMMITTEE ON THE LIBRARY

Congress of the United States
House of Representatives
Washington, DC 20515

ZOE LOFGREN
 19TH DISTRICT, CALIFORNIA

535 NORTH FIRST STREET, SUITE B
 SAN JOSE, CA 95112
 (408) 271-8700

1401 LONGWORTH HOUSE OFFICE BUILDING
 WASHINGTON, DC 20515
 (202) 225-3072

[HTTPS://OPEN.HOUSE.GOV](https://open.house.gov)
[WWW.FACEBOOK.COM/ZOELOFGREN](http://www.facebook.com/ZoeLofgren)
[WWW.TWITTER.COM/REPZOELOFGREN](http://www.twitter.com/RepZoeLofgren)

CHAIR, CALIFORNIA DEMOCRATIC CONGRESSIONAL DELEGATION
 CO-CHAIR, CONGRESSIONAL CHAIRMAN FOR VETERANS

Below is a written statement for the record by U.S. Representative Zoe Lofgren (CA-19) for the Committee on Small Business' Member Day hearing on COVID-19 Response and Recovery.

Thank you Chairwoman Velazquez and Ranking Member Chabot for facilitating this Member Day during this trying time for our country's small businesses. As you may know, my district was one of the earliest hit by COVID-19 in the country. More than 2,500 small business owners and constituents in Santa Clara County have contacted me to share the financial hardships they are facing during these challenging times.

In March, Congress crafted the CARES Act so American small businesses would get much-needed relief as quickly as possible. Unfortunately, since the law went into effect, there have been serious rollout flaws for the Paycheck Protection Program (PPP), leaving many vulnerable small businesses shortchanged and millions of families concerned about their livelihood.

My constituents are extremely disheartened by reports that large businesses received large chunks of funding while they, truly small businesses in every sense of the word, were shut out. I've heard from dozens of business owners who applied the moment the application process opened up and are puzzled as to why they never made it beyond the initial interest application stage before the funding ran out almost two weeks later. They rightfully suggest that Congress works to prioritize robust oversight. Namely, we must ensure banks process applications equally and fairly.

By considering capping loan sizes, better defining what constitutes a 'small business,' and weighing true need and pre-existing means, Congress can work to rectify some top concerns in Santa Clara County.

During the flawed PPP rollout, my office continually heard about heightened anxiety due to a lack of clear communication from government institutions, banks, and lenders. We need streamlined application processes that are properly communicated to our constituents, without forcing them to repeatedly re-apply for the same programs if they were diligent about requesting their business loans upfront. Thereafter, when funding allocations are provided, they need to be publicly available. The reported uneven discrepancies between funding amounts for states of different population sizes with different immediate needs are very concerning, and the lack of transparency amplifies those fears.

I'm sharing these concerns from California's 19th Congressional District today as many of these issues are likely echoed throughout the country, and Congress must seek to fix these problems in the bill we're looking to pass this week and in future legislation. We have a long way to go to actually assist small businesses who are struggling during this unprecedented pandemic, and I look forward to working with this Committee on efforts to keep Main Street afloat.

###

Full Statement to House of Representatives Committee on Small Business

Chairwoman Velazquez, Ranking Member Chabot, and fellow Committee members, thank you for taking the time hold this hearing today. I wish we were meeting under different circumstances as no one could have anticipated the devastation that this virus has caused to the American people, especially small business owners and their employees.

Last month, Congress came together and reassured small businesses by providing necessary relief through the Paycheck Protection Program. Though this program is not perfect, it has helped over 39,000 small business receive over \$8 billion in relief in North Carolina.

As the coronavirus forced Congress to stay home, I had the opportunity to responsibly visit Hornwood, Inc., which is a textile manufacturer and the largest employer in Anson County, NC. In order to fill their civic duty, Hornwood has begun the process of manufacturing PPE for front line workers. When PPP applications first went online, Hornwood immediately filed an application to receive a PPP loan. Due to some hiccups in the process, they were unable to receive a loan when the funding ran out on April 16th. I am glad to see that Congress is back in Washington to provide funding for this program so that small businesses, like Hornwood, can receive this critical funding.

The Paycheck Protection Program is an emergency program, and, in my opinion, everyone involved is working to ensure that small businesses survive this crisis. However, the easiest way to address this concern is to begin the process of safely re-opening the economy. My biggest observation is that the Federal Government cannot provide the relief that a free and open economy offers. We all know that this debate is raging in every corner of our nation, and I will continue to push for data transparency so leaders at all levels of government can begin to make educated decisions.

However, we are gathered here today to discuss how this committee can work to provide needed relief to small businesses. I would like to commend lenders throughout the country for stepping up the plate and working with the SBA and Treasury to serve as conduits for the Paycheck Protection Program. Lenders did not ask for this task, but graciously stepped up in this time of need. Lenders have been able to process the loans in record time and better than any government agency. As this Committee begins to debate additional relief, we should not impose unnecessary mandates on lenders that will slow relief to small businesses.

Another conversation that this committee will have to entertain, is the expansion of PPP to entities that are currently ineligible. This program should not be corporate welfare for institutions who could also receive aid through the Main Street Lending program. Instead we should look at entities that are eligible for 7(a) loans but are left out of the Paycheck Protection Program. Electric Cooperatives are one example of organizations that can apply for a 7(a) loan but are currently left in limbo on PPP eligibility. Expanding the program could crowd out businesses that need dire funding.

Lastly, any proposal that increases loan amounts must consider the businesses who have already received PPP funding. Businesses who have received PPP funds, must not be penalized for accessing the program in the initial stage.

Congress should continue to put small businesses at the forefront of any future legislative discussions. I look forward to working my colleagues on this committee as well as off this committee to ensure that this is needed relief.

GUY RESCHENTHALER
14th DISTRICT, PENNSYLVANIA
JUDICIARY COMMITTEE
FOREIGN AFFAIRS COMMITTEE



DISTRICT OFFICES
700 PELLIS ROAD
SUITE 1
GREENSBURG, PA 15601
(724) 219-4200
14 SOUTH MAIN STREET
WASHINGTON, PA 15301
(724) 206-4800

Congress of the United States
House of Representatives
531 Cannon House Office Building
Washington, DC 20515-3814
(202) 225-2065

April 23, 2020

The Honorable Nydia M. Velázquez
Chairwoman
Committee on Small Business
2361 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Steve Chabot
Ranking Member
Committee on Small Business
2361 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairwoman Velázquez and Ranking Member Chabot:

Thank you for the opportunity to provide input on COVID-19 response and recovery as it relates to our nation's small businesses. I am grateful for your work to establish the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) grants, as well as expand eligibility for EIDL in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136). These programs provide a lifeline to the small businesses in my district that are struggling to stay afloat due to the COVID-19 outbreak.

Like you, I believe it is critical we ensure our nation's job creators can continue to support their employees and communities during this crisis. As such, I wanted to highlight four issues brought to my attention by small businesses in southwestern Pennsylvania:

- **PPP Eligibility for 501(c) Organizations:** While I applaud the CARES Act provision making 501(c)(3)s eligible for PPP loans, I have heard from many tax-exempt entities who are in desperate need of assistance, including chambers of commerce, trade associations, and destination marketing organizations. It is critical we provide assistance to these and other 501(c) organizations so they can continue to guide and support local businesses and provide much needed services for their communities during the COVID-19 outbreak.
- **PPP Eligibility for Convenience Stores and Fuel Retailers:** Like most industries, convenience stores' and fuel retailers' revenues have diminished greatly due to lessened demand. The CARES Act recognized that some businesses, like restaurants and hotels, need greater flexibility in applying for relief and enabled businesses that fall under the North American Industry Classification System code 72 and have fewer than 500 employees per location to apply for PPP loans. I believe it is critical we provide convenience stores and fuel retailers with that same flexibility, as they provide needed supplies to first responders and essential workers who may not have other outlets available to them during shutdowns of nonessential businesses. Without immediate assistance, store closures and layoffs are imminent, which will harm consumers, particularly in rural areas, and limit access for medical professionals and first responders.
- **Small Business Administration's (SBA) "Affiliation Rules" for PPP:** SBA's affiliation rules continue to prevent small businesses in my district from taking advantage of PPP loans, despite meeting the size standards and other requirements outlined by Congress. For example, under SBA's rules, tech startups that rely on equity investment from venture capital firms must include the employees of all unrelated companies in which their investors have equity positions, often pushing them beyond the 500-

employee threshold set by Congress. Similarly, many individual broadcasters and news publishers, which are vital sources of information in the communities I represent, are excluded from eligibility because of affiliations with larger conglomerates or private equity firms. In both instances, the footprint is entirely local and the request is from a small, individual business, yet SBA's affiliation rules preclude them from PPP eligibility.

- **SBA Restrictions on Gaming Revenue:** The gaming industry is a national economic engine and job creator, delivering \$52 billion annually in small business revenue and supporting 350,000 good-paying jobs for American workers. Gaming entities support local businesses and contribute to local nonprofits and philanthropic initiatives. Despite the fact that Congress did not include language to preclude the gaming industry from PPP eligibility, SBA's latest interim guidance makes only businesses with less than \$1 million in revenue and deriving less than 50% of their total revenue from legal gaming eligible for PPP loans. This leaves many legitimate gaming businesses without critical assistance.

Again, thank you for the opportunity to provide feedback on CARES Act relief programs, and for all you do to assist our nation's small businesses. I look forward to working with you to ensure local job creators have the tools and support they need to get our economy back on track when the COVID-19 outbreak subsides.

Very respectfully,

A handwritten signature in black ink, appearing to read 'Guy Reschenthaler', with a stylized flourish at the end.

Guy Reschenthaler
Member of Congress

Rep. Spanberger Remarks for Small Business Committee Member Day
April 23, 2020

Good morning, and thank you to Chairwoman Velazquez and Ranking Member Chabot for providing me with the opportunity to address the Small Business Committee today.

According to the SBA, small businesses make up 99 percent of Virginia's businesses.

These 700,000 Virginia small businesses are not just a statistic, building, or a sign out front. They're the dreams of our neighbors.

But right now, across Central Virginia, COVID-19 has put these dreams in jeopardy. Yes, many businesses have found innovative ways to adapt to these challenging times, but in conversation after conversation with business owners in my district, I've heard dire concerns about their livelihoods, their families, and their employees.

Today, we are taking the right step in providing additional, robust funding to the Paycheck Protection Program. I am the first to acknowledge that there have been issues with the implementation of the PPP, but I also know that, in this moment of crisis, this assistance is still desperately needed in Central Virginia and throughout the country.

Just last week, I spoke with the owner of a shoe store in my district. He said that PPP has been a "godsend"—yes, that's the word he used—for his business and his employees. It's not an overstatement to say that PPP funding is ensuring his business' very survival.

Once we move forward with this additional PPP funding, we should also attempt to fix some of the major issues with the program, including that all eligible businesses, not just a bank's top customers, can get these loans. I also urge my colleagues to review the guidance that was put in place surrounding payroll costs on these forgivable loans.

The so-called "75-25" rule was not passed by Congress in the CARES Act. It was not signed into law by President Trump. But yet, the SBA and the Treasury Department added this guidance before Democrats and Republicans could express our deep reservations about this onerous requirement.

The 75-25 rule has been overly restrictive on many businesses in my district, including restaurants. The implementation of PPP has been unfair to many American businesses, and rescinding this burdensome requirement would allow our businesses to use these loans to cover expenses related to their unique, individual circumstances. It would level the playing field.

And while outside this Committee's jurisdiction, I also want to mention two additional items we must include in future iterations of coronavirus response legislation.

Our next package must include additional funding for states and localities—including my rural counties in Central Virginia—to address the challenges caused by decreased tax revenue. They need funding for law enforcement. They need funding for EMS. And they need funding to keep the lights on and the water running in our rural areas.

We can't leave our rural communities behind. Our businesses need these local services to stay afloat and to eventually reopen their doors.

And to keep our rural businesses connected, we also need to push forward on additional funding for high-speed broadband internet in future response packages. I've been vocal about this issue since I arrived in the House, and Central Virginia's rural communities need additional support to build reliable access to an increasingly online economy.

Thank you again for holding today's hearing, and I look forward to working with you as we fight to preserve the businesses and to protect the workers that keep our communities strong.

TED BUDD
10111 CHERRY LANE, NORTH CAROLINA

COMMITTEE ON
FINANCIAL SERVICES

Congress of the United States
House of Representatives
Washington, DC 20515-3313

April 17, 2020

The Honorable Donald J. Trump
President of the United States of America
The White House 1600 Pennsylvania Ave. NW
Washington, DC 20050

Dear Mr. President:

Due to your strong leadership, the Coronavirus Aid, Relief, and Economic Security (CARES) Act delivers billions of dollars of relief for America's small businesses so that they can maintain their payrolls during the COVID-19 pandemic. We thank you for prioritizing relief for small business owners and their workers.


Roughly one-third of America's small businesses have business interruption or income (BI) insurance policies in place. As you know from your time as a business owner, insurers pay BI claims to make up the lost income a business suffers when it has been disrupted by physical damage. When hurricanes, tornados, or wildfires hit policyholders, their insurers pay claims to help make these businesses and workers whole again.

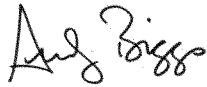
The vast majority of BI policies include explicit coverage exclusions for viruses or bacteria because of the magnitude of the exposure. Insurability requires that loss events are due to chance which is not possible if everyone in the risk pool is subject to the same loss at the same time. Furthermore, almost all BI policies deem covered losses as physical damage to the business. Some have suggested retroactively amending BI policies to cover claims related to COVID-19 which would force insurers to pay claims that were not covered under BI policies in place before the pandemic. Such proposals are unworkable and would fail to deliver financial relief to small business owners.

Insurers set their premiums, make investments, and hold onto reserves based on the risk they underwrite. It is a complicated and delicate balance that, if done right, protects policyholders and ensures that their rightful claims are covered by their insurers. Government interference will throw that equation off. Forcing insurers to pay uncovered COVID-19 BI claims will severely compromise their ability to pay covered claims. BI, auto, homeowners, and others claims incurred by natural disasters will not stop coming during this pandemic and after it is behind us.

Furthermore, it is important to recognize that insurance policies are legal contracts between insurers and policyholders. Section 10 of Article I of the U.S. Constitution prohibits the States from enacting laws that "impair the Obligation of Contracts." Federal action is similarly constrained by the Fifth Amendment's Due Process and Takings Clauses. Our Founding Fathers realized that our country's system of commerce would crumble if a government could retroactively rewrite lawful, private contracts. Efforts by Congress or state legislatures to retroactively amend BI policies will engender unprecedented levels of legal challenges while driving up the cost of insurance coverage of all kinds. We look forward to working with you on further PPP funding and other initiatives to support our communities' small businesses during this difficult time.

Sincerely,


Ted Budd
Member of Congress



Andy Biggs
Member of Congress



Warren Davidson
Member of Congress



Bill Posey
Member of Congress



Alex Mooney
Member of Congress



Randy K. Weber Sr.
Member of Congress



Andy Harris, M.D.
Member of Congress



Ralph Norman
Member of Congress



Darin LaHood
Member of Congress



Scott Perry
Member of Congress



Ted S. Yoho, D.V.M.
Member of Congress



Russ Fulcher
Member of Congress

KEVIN HERN
1ST DISTRICT, CALIFORNIA
1101 LONGWORTH BUILDING, OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2711

COMMITTEE ON BUDGET
COMMITTEE ON
NATURAL RESOURCES
COMMITTEE ON
SMALL BUSINESS

Congress of the United States
House of Representatives
Washington, DC 20515-3601
April 6, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Dear Administrator Carranza:

We appreciate your leadership and efforts in providing relief for millions of people and small businesses across the country impacted by COVID-19. As the Small Business Administration (SBA) plans to issue guidance to small businesses to implement the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Paycheck Protection Program (PPP), we urge you to clarify or affirm the below issues to ensure that the Act is implemented in accordance with Congressional intent and has a maximum impact to guarantee protection to the franchise industry and a speedy recovery to the small business sector:

1. Given the fact that franchise systems registered in the SBA's Franchise Registry are determined to not violate the SBA's customary affiliation rules, as they are applied between a franchisor and franchisee, clause (36)(D)(iv)(II)'s waiver language is to be interpreted to ensure that "business concerns" operating as a franchise are eligible for covered loans regardless of the number of affiliated entities it has. This is true even if traditional SBA lending rules would disqualify the business concern.
 - *In achieving Congress's intent to have a maximum impact and to guarantee a speedy recovery to the small business sector, this eligibility threshold must be applied.*
2. All franchisors with franchise systems registered in the SBA's Franchise Registry are eligible for PPP loans.
 - *In achieving Congress's intent to protect all businesses operating in the franchise sector, this benefit must be applied to all franchisors and franchisees.*
3. All "business concerns" that are registered in the SBA's Franchise Registry are eligible for a covered loan without regard to the number of employees, even if the single franchisee entity employs more than 500 people.
 - *There is no limitation in the statutory language that applies this employee limitation in the statutory language regarding franchises, so Congressional intent demands this consistency.*
4. Clause (36)(D)(iii)'s use of business concern is interpreted to not limit any single entity that employs their employees throughout multiple locations to \$10 million loan cap for all employees at all locations.
 - *In achieving Congress's intent to protect the largest number of employees possible, this interpretation must be applied.*

5. Clause (36)(D)(iv)(I) ensures that any non-franchised business concern which has less than 500 employees and is covered by NAICS 72, is eligible for a covered loan even if an affiliate of the business concern employs more than 500 employees. Additionally, clause (36)(D)(iii) is not interpreted to bar eligibility for PPP loans to any single business concern in NAICS 72 that has affiliates that have an affiliation that is not waived under clause (36)(D)(iv)(I).
 - *To achieve consistency with the language waiving affiliation rules, and with Congress's intent to protect the largest number of employees possible, this interpretation must be applied.*
6. Due to clause (36)(D)(i)'s clear language, the term "any business concern" is interpreted to mean that franchises that have less than 500 employees but are not currently on the SBA's Franchise Registry as an approved "small business concern" are eligible for PPP.
 - *In achieving Congress's intent to implement protections on the franchise sector while also maximizing the retention of employees and protecting small businesses, this term must be interpreted consistently to cover franchises regardless of registry status.*
7. Clause (36)(D)(iv)(II)'s affiliation-waiver provision is interpreted to allow for franchise systems that have previously been denied access to the SBA's Franchise Registry (due to affiliations with franchisors) to immediately apply and gain listing on the SBA's Franchise Registry for the duration of the COVID-19 crisis.
 - *Congress drafted language specifically waiving affiliation rules. To achieve the full Congressional intent of the CARES Act, this interpretation must be applied.*

As previously requested, we urge you to clarify or affirm the issues listed to ensure that the CARES Act is implemented in accordance with Congressional intent and has a maximum impact to guarantee a speedy recovery for the small business sector. Should these issues need further resolution, we ask that you issue guidance that provides for the interpretation of these issues as listed above.

Thank you for your leadership on this very important issue. Please let us know if we can be of further assistance during this critical time.

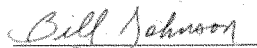
Sincerely,



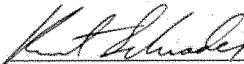
Kevin Hern
Member of Congress



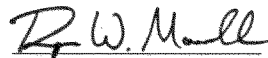
Scott Peters
Member of Congress



Bill Johnson
Member of Congress



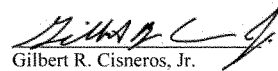
Kurt Schrader
Member of Congress



Roger Marshall, M.D.
Member of Congress



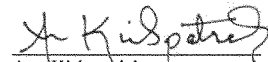
Josh Gottheimer
Member of Congress



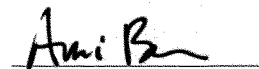
Gilbert R. Cisneros, Jr.
Member of Congress



Jimmy Panetta
Member of Congress



Ann Kirkpatrick
Member of Congress



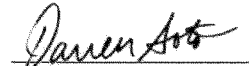
Ami Bera, M.D.
Member of Congress



Ed Case
Member of Congress



Sharice L. Davids
Member of Congress



Darren Soto
Member of Congress



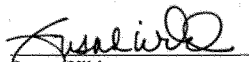
Haley M. Stevens
Member of Congress



Anthony Brindisi
Member of Congress



Dean Phillips
Member of Congress



Susan Wild
Member of Congress




Stephanie Murphy
Member of Congress

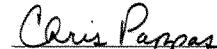


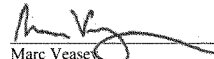
Ann Kuster
Member of Congress

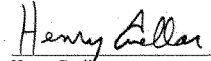


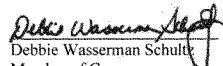
Vincente Gonzalez
Member of Congress


Lucy McBath
Member of Congress


Chris Pappas
Member of Congress


Marc Veasey
Member of Congress


Henry Cuellar
Member of Congress


Debbie Wasserman Schultz
Member of Congress

Small businesses are the backbone of America. Texas is no exception, being home of 2.4 million small businesses. The pandemic has paralyzed our economy. Businesses from all industries and all sizes. However, small businesses that may not have the liquidity and capital that larger companies do, have been forced to furlough employees or close altogether.

This is exactly why the Small Business Administration EIDL loans and the Paycheck Protection Program, which can help employers weather the storm, are so important. So far, in Texas, there have been 1,243 EIDL loans approved, totaling \$263,469,600 and 63,815 EIDL Advances approved, totaling \$287,726,000. These programs are essential for ensuring our small businesses keep hard working Texans — and Americans — working.

Some businesses in my district that have been helped include the literacy provider Adult Education Center, pet company Wash Groom Go and lighting company SIRS Electronics — businesses of ALL TYPES employing people of ALL KINDS.

Because of PPP and EIDL assistance, they can keep their doors open.

Unless Congress acts now, others might not be so lucky.

James Plimper of Assure Rx Consulting in Pearland, Texas, reached out to me with a cry for help. He said, “I have not let go of any employees. I applied for this loan a week ago. I was notified by the bank today we would not be receiving the money because the government fund has been exhausted. This money is needed for payroll to keep me from laying off staff. I feel like my company is so small I am being overlooked.”

Steve Cone of JP Bombers restaurant in Houston got straight to the point: “Our business was FORCED to close by local county government and faced with steep fines and JAIL if we tried to open. This is a no-fault-of-our-own problem and we are now facing possible bankruptcy as a result of government action. Business that are forced to close should have received first consideration for funding. This has all the ingredients of government tyranny at its finest.”

People like James and Steve are exactly why Congress must replenish PPP and EIDL funding. For America's small businesses, this is do-or-die.

Pete Olson

Member of Congress

TESTIMONY OF
U.S. REPRESENTATIVE BRIAN FITZPATRICK (PA-01)

HOUSE SMALL BUSINESS COMMITTEE

MEMBER DAY HEARING
COVID-19 RESPONSE AND RECOVERY
APRIL 23, 2020

Chairwoman Velázquez, Ranking Member Chabot, Members of the Committee, thank you for hosting today's hearing and giving me the opportunity to discuss challenges small businesses have faced during the COVID-19 crisis.

COVID-19 has affected every aspect of our lives and every community in our country. Small businesses have been especially impacted, and many have been forced to lay off staff or permanently close their doors. A concern of many small businesses and nonprofits in my community has been the status of the Paycheck Protection Program, which was established under the CARES Act. The first run of the Program missed the mark.

The Program was designed to assist mom-and-pop small businesses that are barely solvent—this program was meant to be their lifeline. Almost immediately, large businesses that had other options to access capital began to apply for and receive loans, which in some cases totaled more than \$15 million.

This is money that is literally being taken away from the very small businesses Congress intended to help, small businesses who have been forced to lay off workers due to insufficient cash flow. This has occurred because of vague and inadequate guard rails being established by the Treasury Department and SBA. Many larger banks around the country simply prioritized

their larger customers with preexisting relationships, leaving the mom-and-pop businesses behind.

This cannot and will not stand.

Our small businesses account for nearly 50% of our workforce, and they need our help now.

Treasury and SBA must establish clear requirements that banks prioritize insolvent coffee shop owners over solvent hedge fund owners. It is unacceptable that Treasury and SBA guidelines had no revenue loss requirements and only require that business was “negatively impacted” by COVID-19. A business with a 10% reduction in revenue for one month, who had no intention to lay off employees, must not be placed into the same category as an owner-operated daycare center with no cash flow and no way to survive.

On Tuesday, our Senate colleagues passed a bill with \$310 billion in additional funding for the Program. I look forward to voting in support of this package later today, and I hope my colleagues do the same. It is my hope that this Committee conducts oversight into the Program going forward to prevent SBA and Treasury mismanagement and make sure these critical funds get into the right hands.

Thank you.

Congressman H. Morgan Griffith
9th District of Virginia
House Small Business Committee
April 23, 2020

- Thank you Chairwoman Velázquez and Ranking Member Chabot for holding this timely hearing today and providing me the opportunity to discuss some of the problems that small businesses in my district are facing during this unprecedented pandemic.
- Small businesses throughout the country have seen their revenues become non-existent in a matter of days due to stay at home orders meant to stop the spread of Coronavirus.
- The Paycheck Protection Program (PPP) has allowed many small businesses to stay afloat and mitigate some of these layoffs and revenue losses.
- Though there were some technical problems early on, I was surprised at how quickly Treasury and SBA moved. By April 11, I

was hearing from businesses across my district that were getting the funds for which they applied.

- The Economic Injury Disaster Loan (EIDL) program has not been nearly as successful, even though in the very first aid package that Congress passed in late February additional money was appropriated to help fund SBA's disaster lending programs.
- I have heard numerous complaints from small businesses in my district over the past two months who have yet to receive these funds and they don't know the status of their application. I would urge the Committee to investigate the reasons for SBA's delay.
- I would also urge the Committee to assess the feasibility of having banks, credit unions, and small community lenders carry out the EIDL program.

- While the PPP loan program has been a success, I am afraid that it could be a bridge to nowhere. While many small businesses have been able to keep their employees, without at least a phased reopening of the economy before the end of the eight-week period the bridge Congress provided will collapse. These business owners will once again have the sad duty of laying off those same employees and in many cases shutting their doors forever.

April 23, 2020

Testimony presented to the House Committee on Small Business
by Congresswoman Jahana Hayes

Chairwoman Velazquez, Ranking Member Chabot, thank you for the opportunity to testify before the Committee today.

Ensuring that our Main Street businesses have the resources they need to survive this crisis is extremely important to both me and my constituents, and I appreciate the opportunity to be able to outline my response and recovery priorities for you.

Whether it is advocating for increased eligibility for the Economic Injury Disaster Loan program or Paycheck Protection Program, or seeking to help the businesses who need this money the most be able to access it, helping the small businesses in Connecticut's 5th District has been a top priority for me as we look to address the COVID-19 pandemic. For that reason, I would like to lay out some of the legislative and oversight actions that I have taken and supported to accomplish that goal.

I have cosponsored legislation to make no-interest Economic Injury Disaster Loans (EIDL) available to small businesses and non-profits affected by the coronavirus outbreak. By providing no-interest rate loans and more flexible terms on these working capital loans, businesses and non-profits will have the resources to keep their doors

open through these uncertain times, without having to worry about burdensome interest payments in the future.

I have been very interested in how we can help farmers during this difficult time. For that reason, I supported letters to leadership and the Small Business Administration asking that farmers be made eligible for the Economic Injury Disaster Loan program. While the Paycheck Protection Program may be a good fit for some small businesses, many farmers have found that the Economic Injury Disaster Loan program is a much better fit for them as they often have only a few employees. I was very excited by the inclusion of this eligibility change in H.R. 266, the *Paycheck Protection Program and Health Care Enhancement Act*. It is vitally important that farmers are actually able to access these funds and that the SBA accept new applications for the EIDL program.

When it comes to the Paycheck Protection Program, it is imperative that the businesses that need help the most are able to access these funds. Far too often, women, minority, and veteran-owned businesses are underfunded and underbanked, and that has continued to be the case during this crisis. That is why it is critically important to me that the financial institutions who best serve these businesses, such as credit unions, Community Development Financial Institutions, and community banks, be given a fair shot as a lender. We must ensure that these businesses, who are crucial members of our communities, are given the resources and capital they need to weather this storm.

Additionally, these funds must also be made available to the businesses in rural areas, not just those located in our urban centers. I was pleased to see provisions to address these issues included in H.R. 266.

We must make sure that once a business is approved for a loan that they are receiving the funds they need in a timely fashion. It is great to be approved for a loan, but rent, utilities, and payroll are due even if your money has not yet arrived. Getting these loans disbursed quickly helps not only the businesses itself, it helps the employees, it helps the other businesses in the area, and it helps our communities. During the application process, it is imperative that applicants are kept in the loop on how their application is progressing. Without any information, borrowers are totally left in the dark.

Finally, I hope that consideration will be given to the timeframe in which businesses are required to use these loan dollars. In my state of Connecticut, we are not yet sure when we will be open for business. In many cases, a business that receives a loan might be back in the same boat they are in now in eight weeks. While proper oversight is needed to ensure that workers are paid and payroll is maintained, we must also make sure that businesses are not left in this situation again.

Thank you again for this opportunity, Madam Chairwoman. This Committee has done, and will continue to do, a lot of great work and I

look forward to continuing to collaborate with you on these priorities and appreciate your time.

Chairwoman Velázquez and Ranking Member Chabot:

Thank you for hosting today's hearing to listen to stories from around the country from small businesses who have suffered from economic hardship due to the coronavirus pandemic.

In San Diego, I've heard from small businesses and non-profit organizations who have had trouble accessing federal assistance through the Paycheck Protection Program and the Economic Injury Disaster Loan program.

I'm relieved we're voting today to provide additional funds for those programs: \$310 billion for PPP and \$10 billion for EIDL, along with funds for hospitals and expanded testing capabilities.

While these funds will benefit countless small businesses and non-profits, we need to fix this program to ensure its success:

First, we need to ensure truly small businesses and non-profits – particularly those with limited banking relationships -- can easily access these funds. My office has heard from a number of people who tried applying with multiple banks, and were turned away for not having an existing relationship with banks.

I hope this committee will work with the Financial Services Committee to closely examine how to expand the number of lenders and safeguard funds for small businesses without traditional banking access.

Second, we should look to provide additional assistance for non-profit organizations, including the removal of the 500-employee cap for non-profit organizations.

The San Diego Opera employs 370 workers, including union stage and production staff, actors and musicians, and they have now canceled half their shows for the upcoming year. Their annual revenue comes from ticket sales and donations, with the current pandemic dramatically reducing both sources.

The San Diego Zoo and Safari Park are engines for our regional economy – and they rely on tourism to San Diego in the spring and summer for much of their revenue. Being shutdown at this time will influence their operations for many months to come, and they need help from the federal government.

However, due to the 500 employee cap, they are not eligible for many programs, including the Paycheck Protection Program.

The Zoo and Safari Park employ over 3,000 people, and must continue to care for over 6,500 animals. We should ensure zoos, aquariums, museums, and other large non-profits are eligible for relief.

Third, we should expand the non-profits eligible to receive assistance, including 501(c)(5)s, 501(c)(6)s, and 501(c)(7)s, which include labor organizations and Chambers of Commerce. Small

businesses and employees are turning to their local union and Chambers of Commerce now to get connected to resources.

The San Diego Chamber has just under 1,500 members, 83% of which have fewer than 50 employees. Congress must deliver relief those who are providing essential support to our economy right now.

I want to thank the Chairwoman and Ranking Member for their tireless efforts to get this program off the ground, and to their staffs for their all of their work to fix this program.

Finally, I want to recognize the remarkable community we have in San Diego supporting small businesses and workers – our Regional Chamber of Commerce, the San Diego Regional EDC, the San Diego Workforce Partnership, the Small Business Development Centers, San Diego 2-1-1, and the San Diego and Imperial Labor Council, among others. All of them have been working day and night to serve small businesses and workers during this time.

Thank you very much for your time today.

Member Day Testimony to the Small Business Committee

Chair Velázquez, Ranking Member Chabot and members of the Small Business Committee:

As a former Committee member, I'm grateful to be able to share the profound impact of the COVID-19 pandemic on Hawai'i small businesses.

Small businesses are the lifeblood of my state. Hawai'i has 132,640 small businesses; that's about 1 business for every 11 people. They are also smaller than those in most other states. A vast majority employ less than 100 people, with the average just 12 people. Yet small businesses employ a majority of Hawaii's workforce.

Our small businesses are also the most diverse in the nation. 62.6 percent are minority-owned businesses, by far the highest. More than a quarter of Native Hawaiian and Other Pacific Islander-owned businesses are found in Hawai'i.

As Hawaii's largest industry is tourism and hospitality, with international and domestic travel dried up and stay-at-home orders and travel restrictions at home, our economy and small businesses are

especially hard hit by COVID-19. Just weeks ago our unemployment rate was one of the nation's lowest at just 2.6%. Today more than one-third of Hawaii's labor force has filed unemployment claims, and our small businesses are hanging by a thread if they are not already closed.

This Committee's incredibly hard work has been a lifeline to them just throughout our nation. Especially important are your efforts to ensure the immigrant and underbanked communities are not left behind.

Equally important are the small businesses of the tourism industry. They were some of the first impacted by this pandemic, and they'll be some of the last to recover.

As we continue our efforts together, I urge the Committee to consider Hawaii's unique needs. While existing programs provide temporary relief, greater assistance will be needed to keep these small businesses, and a very significant portion of my Hawaii's economy, alive until the state can reopen for business.

I continue to stand ready to assist. Mahalo!



GIL CISNEROS
 Representing **CALIFORNIA'S 39th** District

TESTIMONY BEFORE THE HOUSE COMMITTEE ON SMALL BUSINESS

Chairwoman Velazquez, Ranking Member Chabot, and members of the House Committee on Small Business, thank you for providing this opportunity to speak on behalf of the small businesses in my district who are dealing with the economic consequences of the COVID-19 pandemic. At this moment of incredible economic uncertainty, we must work together to help our small businesses survive this crisis.

The Payroll Protection Program (PPP) and expanded eligibility for the Economic Injury Disaster Loan (EIDL) are well-intentioned and a strong first step. However, I have heard from many in my district frustrated with the rollout of these economic relief programs, including how limited access often resulted in big banks prioritizing larger companies. I urge this committee to continue to provide strong oversight.

Additionally, current eligibility requirements prevent organizations that are trusted by small businesses from receiving federal support. This includes local Chambers of Commerce, like in Brea, Yorba Linda, and Chino Hills, and trade associations like the National Association of Hispanic Real Estate Professionals, that provide targeted help to minority and underserved businesses. I urge the Committee to expand PPP eligibility to include 501(c)5 and 501(c)6 organizations to ensure the economic uncertainty does not undermine their ability to serve.

Further, I have serious concerns that minority, women, and veteran-owned small businesses are at increased risk during this crisis. Business owners of color have historically faced greater barriers in accessing capital, especially small business owners with English as a second language. I urge this committee to direct lenders to prioritize PPP loans for small businesses owned by minorities, women, veterans, and those in underserved and rural markets in the next stimulus package and ensure information is distributed in multiple languages to reach all audiences.

Finally, I urge the Committee to advance legislation that will provide more certainty to our small businesses. The initial PPP funding provided under CARES lasted less than two weeks. We need to establish automatic mechanisms - such as those included in the bipartisan PPP Extension Act introduced by Rep. Kilmer - so that we do not keep lurching from crisis to crisis.

Now is the time for swift action for small businesses. My district is home to many small businesses from a diverse range of industries, many of which are achieving the American Dream, and all contributing to our nation's economy. Every qualified small business deserves immediate assistance. I thank you again for your work to date and look forward to continuing to work with you on behalf of my constituents in California's 39th Congressional District.

Congresswoman Kathleen M. Rice (NY-04)
Statement for the Record

Member Day Hearing on COVID-19 Response and Recovery
Committee on Small Business
11:00 A.M., Thursday, April 23, 2020
Room 2360 of the Rayburn House Office Building.

-
- Thank you, Chairwoman Velazquez and Ranking Member Chabot, for the opportunity to provide a written statement on behalf of the small businesses in my district.
 - As a Member of Congress representing one of the hardest hit districts by the COVID-19 pandemic, I appreciate the work of the Committee in providing immediate assistance to the small businesses in my district through the newly-created Paycheck Protection Program (PPP) and the expansion of the Economic Injury Disaster Loan Program (EIDL).
 - While these programs are helping many on the road to recovery, I have heard from just as many small businesses who were unable to receive assistance from the PPP or EIDL programs.
 - Based on their feedback, I would like to provide the committee with three policy recommendations for future COVID-19 response and recovery legislation.
 - The first is to address the accessibility gap for small, “mom and pop” businesses. As you know, many of these local businesses have less than ten employees, and, in some cases, do not have a prior business-lending relationship with a bank. Since most banks that participate in the PPP only offer to accept applications from existing customers, these businesses are left out of this critical relief.
 - I would also be grateful if the Committee considered lifting the cap of 500 employees for eligibility for the PPP for healthcare providers, like nursing homes. As you may know, many nursing homes are currently ineligible for relief from the PPP because they operate under a single management system with over 500 employees. A limited exemption from these rules for healthcare providers would not substantially alter the goal of the program and would provide much needed support to caretakers, nurses, and other healthcare workers operating 24 hours a day, seven days a week on the front lines of this crisis.
 - Finally, I support amending the 75 percent rule so that businesses that spend less than 75 percent of their PPP loan on payroll may still be eligible for complete forgiveness. My district on Long Island has a very high cost of living, and businesses often spend a large percentage of their income on rent, utilities, and mortgage payments. Among those fortunate enough to have received a PPP loan, most are concerned that they will not meet the 75 percent threshold because their rent is too high, or heating bills are too expensive.
 - Thank you again for your consideration.

