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Senate & House Advance PPP Extension: Setting Stage for Next COVID-19 Stimulus Package

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Just hours ahead of the June 30 deadline for small business owners to submit applications to the CARES Act Paycheck Protection Program (PPP), the U.S. Senate passed by unanimous consent bipartisan legislation to extend the deadline to August 8. The House quickly followed suit yesterday, sending the bill to the President.

With an estimated $130 billion remaining in the program, the application deadline for new PPP loans was set to pass at the end of June. The PPP has been a welcome lifeline for small business owners who were able to take loans to meet payroll and other expenses with the potential to have the loan fully forgiven if certain guidelines are met. While the PPP received negative reviews from borrowers who struggled with meeting the initial loan eligibility and forgiveness requirements, increased program flexibility passed by Congress has generally been well-received. Read more about the extension **here**.

With the PPP extension enacted, Congress will turn in the work period following the July 4th recess to further COVID-19 stimulus/relief efforts. We expect provisions addressing small business concerns to remain front and center. Despite its initial success, demand for PPP loans has fallen off significantly in recent weeks, and interest from participating banks is waning.

Expect a wide range of bipartisan proposals to be circulated in the coming weeks, including efforts to build upon the PPP, but also to create new programs or to build upon existing governmental authorities. For example, there is bipartisan, bicameral interest in increasing the government guarantee percentage for the SBA's regular 7(a) business loans – which have dried up during the pandemic.

Proposals under consideration include, but are certainly not limited to the following:

- **Further PPP Modifications:** Our understanding is that bipartisan negotiations are already underway on the next round of potential PPP-related adjustments. One bill to keep an eye on is the Prioritized Paycheck Protection Program (P4) Act, introduced in the Senate by Sens. Cardin, Shaheen, and Coons, and in the House of Representatives by Reps. Craig (D-MN) and Delgado (D-NY). The P4 Act authorizes new lending under the PPP to small businesses with 100 employees or less, including sole proprietorships and self-employed individuals. Eligibility is limited to small businesses that have already expended a previous PPP loan (or be close to doing so), and must be able to demonstrate that the COVID-19 pandemic has reduced revenues by 50-percent or more. Read more on the P4 Act by clicking **here**.

- **Reviving the Economy Sustainably Towards a Recovery in Twenty-twenty (RESTART) Act**, introduced by Sens. Bennet (D-CO) and Young (R-IN). The RESTART Act would create a new loan program to provide funding to cover the next 6 months of payroll, benefits, and fixed operating expenses for businesses that have taken a substantial revenue hit during the COVID-19 pandemic. Although not fully forgivable, borrowers meeting certain requirements would be eligible for partial loan forgiveness. Read more on the RESTART Act by clicking **here**.

- **Save America's Main Street Act**, introduced by Sen. Wyden (D-OR), the Ranking Democrat on the Senate Finance Committee, and Sen. Cardin, the Ranking Democrat on the Senate Small Business Committee. These rebates would provide qualifying small businesses with $1 million or less in gross profits in 2019 with a cash rebate equal to 30 percent of the gross profits reported last year, up to $75,000. There would be no limitations on how the rebate could be spent. The bill also makes changes to the popular Employee Retention Tax Credit which was included in the CARES Act. Read more on the Save America's Main Street Act **here**.

ML Strategies is actively engaged in advocacy efforts related to the PPP and other potential COVID-19 response measures under consideration by Congress and the Administration and will follow-up with further updates.

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