

United States Senate
WASHINGTON, DC 20510

June 25, 2020

Hon. Steven Mnuchin
Secretary

U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW, Room 3134
Washington, DC 20220

Hon. Jovita Carranza
Administrator

Small Business Administration
409 Third Street, SW, Suite 7900
Washington, DC 20416-2230

Dear Secretary Mnuchin and Administrator Carranza:

Seasonal businesses need your help. An Interim Final Rule that Treasury released on April 28 allowed seasonal businesses to calculate their Paycheck Protection Program (“PPP”) loans based on summer season payroll data. The Rule, however, effectively did not enable the many seasonal businesses that already had received PPP loans based on off-season data to increase the size of their loans. We urge you to issue a new Interim Final Rule immediately that enables seasonal businesses to access the larger PPP loans for which they qualify.

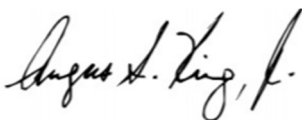
On April 28, Treasury exercised its authority to, in its own words, “address the needs of certain potential borrowers that are seasonal employers.” As you know, the vast majority of seasonal businesses lay dormant for a portion of the year, and then dramatically increase their payroll during their high seasons. For many seasonal businesses in our states, the high season roughly corresponds with the summer months. That is why we were particularly pleased with Treasury’s April 28 decision to enable seasonal businesses to calculate their PPP loans based on payroll data from any consecutive 12-week period between May 1, 2019 and September 15, 2019. For many businesses, PPP loans based on 12 weeks of high season payroll would provide the help necessary to survive the precipitous decreases in summer revenue that they currently are observing.

The April 28 Rule, however, came too late for many seasonal businesses to calculate and receive PPP loans that reflected their high season payroll. Concerned that PPP funding would be exhausted quickly, a large number of seasonal businesses applied for and received the loans soon after they became available on April 3. SBA promulgated guidance on a lender reporting process for PPP loans on May 21, requiring that lenders report on these fully disbursed PPP loans by May 29. SBA only allowed seasonal businesses to increase their PPP loan amounts if their lender had not yet submitted the reporting form (SBA Form 1502) – creating a deadline that was neither certain nor well-publicized. As a result, many seasonal businesses have been unable to increase their PPP loan size and access the capital necessary for them to survive.


Seasonal businesses in our states need you to act now so that they can access full PPP funding before the SBA’s guaranty authority expires on June 30. We urge you to issue an Interim Final

Rule that includes two improvements. First, we ask that the Rule allow lenders to seek and receive approval for seasonal business PPP loan increases pursuant to the April 28 Rule. Second, we urge you to include in the Rule a process by which lenders can submit new or revised Forms 1502 to ensure proper reporting on disbursements of seasonal business PPP loan increases. We appreciate your efforts to assist our seasonal businesses during this difficult summer, and thank you for your consideration of this important request on their behalf.

Sincerely,



Angus S. King, Jr.
United States Senator



Catherine Cortez Masto
United States Senator



Kirsten Gillibrand
United States Senator



Sheldon Whitehouse
United States Senator



Jon Tester
United States Senator



Elizabeth Warren
United States Senator



Margaret Wood Hassan
United States Senator



Bernard Sanders
United States Senator



Jeffrey A. Merkley
United States Senator