

TO: NAW Direct Members

FROM: NAW Government Relations Team

RE: NAW Critical Update Number 55 – May 22 at 2:00 PM

1. Latest on the Main Street Lending Program

As of today – yet again – no MSLP launch date has been announced. We will continue to monitor the Federal Reserve for information and provide you with any relevant and timely updates.

2. Latest Congressional Action on the Paycheck Protection Program

Efforts are being undertaken in both the House and Senate to pass legislation providing much-needed flexibility in the PPP. While the legislative situation remains fluid and negotiations reportedly are continuing this weekend, this is the current situation:

Yesterday, Senators Marco Rubio (R-FL), Susan Collins (R-ME), Ben Cardin (D-MD) and Jeanne Shaheen (D-NH) introduced legislation to extend from 8 weeks to 16 weeks the period during which a PPP loan must be spent. They hoped to pass the bill by unanimous consent in the Senate yesterday afternoon. Requests from NAW and other business groups to the Senators' offices asking them to expand their legislation to include changes to the 75% payroll mandate and other provisions in the PPP were unsuccessful. We were told that Democrats would object if the bill were expanded, and a single objecting senator can prevent action under a unanimous consent agreement. As it turned out, at least three GOP senators as well as several Democrat senators objected, so the Senate adjourned until the first week of June without passing any COVID-related legislation.

We reported earlier this week on a House PPP flexibility bill introduced by Chip Roy (R-TX) and Dean Phillips (D-MN). Their bill is much broader than the Senate bill, and would not only extend to 24 weeks the period during which a PPP loan must be spent, but would abolish entirely the 75% payroll mandate by prohibiting the SBA Administrator from "limit[ing] the non-payroll portion of a forgivable loan amount." The bill would also:

- Extend the loan period to December 31st
- Extend the loan maturity to a minimum of 5 years

- Provide flexibility in employee head count to an employer who attempted to rehire workers or hire new workers, or who can “demonstrate an inability to return to the same level of business activity as such business was operating at prior to February 15, 2020.”

House Speaker Pelosi has agreed to allow a vote on this bill, and that vote is expected to occur next Wednesday afternoon or Thursday morning. The bill will be considered on the House “suspension calendar” which means it will have to get a two-thirds majority to pass, so the outcome is uncertain. Encouragingly, the Speaker is quoted in a *Roll Call* story today saying that the 75 percent-payroll mandate rule is “debilitating.”

Presuming that a compromise is not reached over the weekend changing this situation, we will be actively working for passage of the House bill. We will send to the House an NAW letter urging support for the Roy-Phillips bill, and will circulate for signature by other trade associations a business coalition letter on which we hope to obtain a large number of signatures. We will also send out to NAW members an “e-alert” urging company executives to send email messages to their Representatives in support of the bill.

Yesterday, NAW, along with our downtown allies, sent a letter to Congress and the Administration requesting emergency legislative and administrative actions to: (1) repeal the Paycheck Protection Program’s (PPP) 75%-25% rule, (2) extend the eight-week period for purposes of calculating loan forgiveness, and (3) extend the June 30 safe harbor date for rehiring and restoration of pay.

To read the letter, go to:

<https://www.naw.org/wp-content/uploads/2020/05/EmergencyLeg.pdf>

Treasury Secretary Mnuchin in an interview with *The Hill* yesterday said Congress will have to act to make changes to the Paycheck Protection Program, such as extending the amount of time that small businesses have to use funds intended to help them survive the coronavirus pandemic. Secretary Mnuchin said he can't extend the time period for spending money, as some businesses have called for, on his own.

He also pushed back on making dramatic changes that would allow more of the loans to go toward overhead. "It's called the paycheck protection program, it's not called the overhead protection program," he said. Under the program, 75 percent of the loan must be used for payroll. The rest of the loan can go toward paying a business's mortgage, rent, and utilities, a proportion Mnuchin said was appropriate.

To watch the entire interview, go to:

<https://thehill.com/homenews/coronavirus-report/498977-coronavirus-report-the-hills-bob-cusack-interviews-steven-mnuchin>

3. Latest on Re-Opening the Economy

With state and local governments gearing back up to re-open the economy, many employers are seeking answers to the challenging issues they will face as they resume their business operations amidst COVID-19.

Stateside Associates publishes a daily report about State and Local Government responses to the evolving situation. Some of the new developments in today's report include:

- **California** Santa Clara County is joining four other Bay Area counties and the city of Berkeley today in loosening some business restrictions in the current COVID-19 public health order, which took effect May 4.
- **Colorado** Governor Jared Polis (D) has issued an order allocating expenditure of federal funds received by the State pursuant to the CARES Act.
- **Idaho** Governor Brad Little (R) issued an order establishing a program to procure and distribute PPE to Idaho businesses and nonprofits.
- **Indiana** Governor Eric Holcomb (R) announced that most of the state will be moving to Stage 3 in the re-opening plan on May 22 – two days ahead of schedule.
- **Michigan** Governor Gretchen Whitmer (D) has rescinded temporary restrictions on non-essential medical and dental procedures effective May 29.
- **Vermont** Governor Phil Scott (R) has announced a \$400 million economic relief and recovery package, using funds from the \$1.25 billion the state received from the Federal CARES Act.

We are also providing a link to a spreadsheet that includes state and local COVID-19 response information provided by **MultiState Associates**.

To view their spreadsheet, go to:

https://docs.google.com/spreadsheets/d/e/2PACX-1vRIJWZJ7OkGUW57_rdA2n3xBJ3qjW6u4Z9N6K9Y5L4bM_6H7-S308qdKmJfpVstYWf300nyujvZPFSy/pubhtml?urp=gmail_link

May 28 NAW Webinar on Economic Outlook:

We are partnering with NAW senior economic advisor Alan Beaulieu to produce a second critical economic forecast webinar. This webinar, "Distribution Post COVID-19 Outlook," will run Thursday, May 28, from 3:00 to 4:30 PM EDT. Seats are limited, so if you are interested, please purchase your seat today at:

www.naw.org/distribution-post-covid-19

[Click here](#) for links to *Critical Updates sent previously*.

Many thanks—

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