

Paycheck Protection Program Extension Act

DEREK  KILMER
Proudly Representing Washington's 6th District

Sponsors: Rep. Derek Kilmer (D-WA) and Rep. Jaime Herrera Beutler (R-WA)

Overview: The COVID-19 pandemic is putting an extraordinary strain on our economy, and small businesses nationwide are uniquely impacted by these unprecedented challenges. To address this crisis and to help small businesses and the millions of Americans who rely on them for jobs, Congress authorized the Paycheck Protection Program (PPP) as part of the *CARES Act*. This program provides cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. Importantly, the funds used to support qualified payroll costs will not have to be repaid – ensuring that workers continue to receive pay and benefits during this crisis while also maintaining the nation’s workforce to help small businesses and our economy bounce back quickly after this crisis.

As of Monday, April 6 – three days after the program was initiated – more than 100,000 loans had been approved and funded under the PPP program, for a total value of \$30 billion or just under ten percent of the \$350 billion Congress appropriated for the entire program. The current pace and scale of loan applications is on track to exhaust this program in a matter of days. Furthermore, the rapidly evolving estimates about the magnitude and duration of the COVID-19 public health crisis suggest that the eight weeks of payroll support provided in the *CARES Act* will not be long enough to sustain most small businesses until normal operations can resume.

In order to address these concerns, Rep. Kilmer (D-WA) and Rep. Herrera Beutler (R-WA) are introducing the Paycheck Protection Program Extension Act. This bill would significantly expand the existing Paycheck Protection Program to ensure that every qualified small business is able to access the critical assistance they need to retain their workforce and cover basic operating costs for the full duration of this unprecedented crisis.

Section-by-Section:

Sec. 1: Ensures support for small businesses continues through the duration of the pandemic.

The bill extends the authorized period for the Paycheck Protection Program to cover the full duration of nationwide social distancing measures related to COVID-19.

- End date extended from June 30, 2020 to the date which is 30 days after the date on which the “Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak” (issued March 13, 2020) is no longer in force.

Sec. 2: Creates an extension mechanism that puts little to no burden on small business owners while protecting taxpayer interests by establishing clear, commonsense limitations.

The bill authorizes SBA to automatically renew/extend any existing PPP loans to ensure all borrowers have adequate resources to maintain their payroll for the full duration of the social distancing measures related to COVID-19.

- Existing borrowers may contact their lender no sooner than 6 weeks and no later than 8 weeks after the origination date of their PPP loan to request an additional 8 weeks of PPP loan funds.
- Borrowers may seek subsequent extensions no sooner than 6 weeks and no later than 8 weeks after the previous extension request.
- PPP loan extensions will have the same value and terms as the underlying PPP loan.
- On or before May 1, 2020, the SBA shall issue guidance for borrowers and lenders on how to apply for a PPP loan extension that utilizes existing documentation required by lenders to qualify an existing PPP loan for forgiveness.

The bill also establishes the following limitations:

- A maximum of one PPP loan extension may be granted to each borrower during any 8-week period.
- No PPP loan extensions may be granted after the date described in paragraph 1.
- There is no limitation on the total number of extensions a borrower may request, except as described above.
- PPP loan extensions remain eligible for loan forgiveness for up to 8 weeks following the date described in Sec. 1, provided that the borrower can verify that continuing economic uncertainty make the loan extension necessary to support the borrower's ongoing business operations.

Sec. 3: Defers repayment of any remaining loan balance for the duration of the pandemic.

The bill requires lenders to defer all payments – including principal, interest and fees – on any remaining balance after forgiveness has been applied for a full year.

Sec. 4: Provides adequate funding to effectively mitigate the economic impacts of the pandemic on small businesses.

The bill authorizes an additional \$900 billion for Paycheck Protection Program loans and extensions.

- Funds shall remain available through the date described in Sec. 1.
- Any funds not used by the date described in Sec. 1 shall be returned to the Treasury within 60 days.

For further information, please contact **Katie Allen** (katie.allen@mail.house.gov) in Rep. Kilmer's office or **Jordan Evich** (jordan.evich@mail.house.gov) in Rep. Herrera Beutler's office.