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May 19, 2020

Senator Robert Menendez
528 Hart Senate Office Building
Washington, DC 20510

Congressman Frank Pallone
2107 Rayburn House Office Building
Washington, DC 20515

Senator Cory Booker
717 Hart Senate Office Building
Washington, DC 20510

Congressman Tom Malinowski
426 Cannon House Office Building
Washington, DC 20515

Congressman Donald Norcross
2437 Rayburn House Office Building
Washington, DC 20515

Congressman Albio Sires
2268 Rayburn House Office Building
Washington, DC 20515

Congressman Jeff Van Drew
331 Cannon House Office Building
Washington, DC 20515

Congressman Bill Pascrell
2409 Rayburn House Office Building
Washington, DC 20515

Congressman Andy Kim
1516 Longworth House Office Building
Washington, DC 20515

Congressman Donald Payne
103 Cannon House Office Building
Washington, DC 20515

Congressman Christopher Smith
2373 Rayburn House Office Building
Washington, DC 20515

Congresswoman Mikie Sherrill
1208 Longworth House Office Building
Washington, DC 20515

Congressman Josh Gottheimer
213 Cannon House Office Building
Washington, DC 20515

Congresswoman Bonnie Watson Coleman
2442 Rayburn Office Building,
Washington, DC 20515

RE: Comments on Paycheck Protection Program

Dear New Jersey Congressional Delegation Members,

As the leaders of the Garden State's major business associations, we write to you requesting your support of changes the New Jersey Business and Industry Association (NJBIA) submitted to the Small Business Administration (SBA) on the Paycheck Protection Program (PPP), as well as to reiterate our request for additional funding for New Jersey's business community. As you are aware, New Jersey has the second most cases of COVID-19 in the country with over 1,061,000

New Jerseyans having filed for unemployment insurance benefits since March 7, with total unemployment now exceeding 1,235,000 individuals, or 27% of our civilian labor force.

On May 14, NJBIA submitted the attached comment letter to the SBA requesting the following changes be incorporated and/or clarified in the PPP program. The comment letter stressed the fact that many employees will not be able to come back to work within the eight-week time frame required by the law, and businesses that took PPP loans will lose the ability to apply for loan forgiveness. The PPP program needs to recognize the reality on the ground. To the extent that the original intent of the PPP was to keep these employees on the payroll and off unemployment, it has largely failed for those businesses that were forced to close. The 75% payroll requirement and eightweek expenditure from the receipt of money needs to be changed in light of current circumstances. The PPP should be refocused on the needs of small businesses that cannot reopen until governments allow, such as New Jersey.

As certain program changes are essential to help small businesses, we requested the following:

- Greater flexibility in the permitted use of the funding by modifying the requirement that 75% of the monies be spent on payroll costs in order to receive loan forgiveness, expanding the types of business costs to be allowed for expenditure and forgiveness, and clarification that failure to meet the payroll cost levels should result in prorated reductions of forgivable amounts, not a complete denial. By design, every loan will fail the 75% payroll cost spend rule due to a mismatch of the costs that went into the loan amount calculation vs. the loan forgiveness calculation. Example: \$100,000 salaried employee's average monthly salary in loan base is \$8,333.33 multiplied by 2.5 = \$20,833.33 loan. Same employee receives \$1,923.07 per week for 8 weeks or \$15,384.56 for the 8-week spend period. The payroll costs in the 8-week spend period are 73.85% of the loan;
- An expanded timeframe to begin the loan forgiveness period beyond eight weeks, and allowing the forgiveness period to begin at a later date chosen by the small business;
- Additional startup funding to allow businesses to resume operations when the economy is reopened;
- Relax the requirement that an employer must maintain 100% of prior FTE level in order to receive full loan forgiveness;
- Extension of the June 30 deadline;
- Distribution of funding directly to the business community, in addition to the banking community;
- Re-evaluation of the affiliation rules so that additional businesses which have multiple locations can qualify for the program;

- Additional guidance on what makes up payroll costs included in forgiveness (75%/25% forgiveness and prorated amounts need more clarity);
- With the additional guidance issued, employers may find the loan they received is too large, as the original calculations issued were not as specific as they are now, specifically for the payroll for employees earning over \$100,000 a year. Therefore, the 75% to be spent on payroll may not be reachable and the loan should be allowed to be partially returned in order to adjust the amount subject to the payroll limits;
- Additional guidance is needed regarding how to determine what portion of allowable expenses are includable for purposes of the forgiveness calculations with respect to the “incurred and paid” language as it relates to the covered period; and
- Currently, recipients of the PPP are not permitted to deduct business expenses. We request future consideration of such a provision.

Additionally, as Congress is considering another COVID-19 relief package, we respectfully want to reiterate our request that 501(c)(6) organizations be included in the next round of funding. Thank you for your consideration and continued support of New Jersey residents during this unprecedented health crisis.

If you have questions, please contact Chrissy Buteas, NJBIA Chief Government Affairs Officer, at cbuteas@njbia.org or 908-447-3466.

African American Chamber of Commerce of New Jersey, Inc.
 American Camp Association NY/NJ
 American Council of Engineering Companies of New Jersey
 American Physical Therapy Association of New Jersey
 Bernards Township Regional Chamber of Commerce
 BioNJ
 Burlington County Regional Chamber of Commerce
 Bus Association of New Jersey
 Cape May County Chamber of Commerce
 Capital Region Minority Chamber of Commerce
 Chamber of Commerce of Greater Philadelphia
 Chamber of Commerce Southern New Jersey
 Chemistry Council of New Jersey
 Commerce and Industry Association of New Jersey
 CrossState Credit Union Association
 Early Childhood Education Advocates
 Employers Association of NJ
 Fuel Merchants Association of NJ
 Garden State Pharmacy Owners, Inc.
 Global Business Alliance

Gloucester County Chamber of Commerce
Greater Atlantic City Chamber of Commerce
Greater Toms River Chamber of Commerce
Greater Westfield Area Chamber of Commerce
HealthCare Institute of New Jersey
Health Care Association of New Jersey
Hoboken Chamber of Commerce
Home Care & Hospice Association of New Jersey
Home Health Services Association of New Jersey
Hudson County Chamber of Commerce
Hunterdon County Chamber of Commerce
Insurance Council of New Jersey
International Health, Racquet and Sportsclub Association
Mahwah Regional Chamber of Commerce
Marine Trades Association of New Jersey
Meadowlands Chamber
Medical Society of New Jersey
Middlesex County Regional Chamber of Commerce
Monmouth-Ocean Development Council
Morris County Chamber of Commerce
NAIOP - NJ
National Federation of Independent Business
New Jersey Apartment Association
New Jersey Asphalt Pavement Association
New Jersey Association of Mental Health and Addiction Agencies
New Jersey Association of Osteopathic Physicians and Surgeons
New Jersey Bankers Association
New Jersey Builders Association
New Jersey Business & Industry Association
New Jersey Campground Owners and Outdoor Lodging Association
New Jersey Chamber of Commerce
New Jersey Child Care Association
New Jersey Coalition of Automotive Retailers
New Jersey Concrete and Aggregate Association
New Jersey Council of County Colleges
New Jersey Dental Association
New Jersey Food Council
New Jersey Gasoline-Convenience-Automotive Association
New Jersey Hotel and Lodging Industry Association
New Jersey Independent Electrical Contractors Association
New Jersey LGBT Chamber of Commerce

New Jersey Manufacturing Extension Program, Inc.
New Jersey Motor Truck Association
New Jersey Pharmacists Association
New Jersey Podiatric Medical Society
New Jersey Restaurant & Hospitality Association
New Jersey Retail Merchants Association
New Jersey Salon and Spa Coalition
New Jersey Self Insurers Association
New Jersey Society of Certified Public Accountants
New Jersey State Funeral Directors Association
New Jersey Tech Council
New Jersey Tourism Industry Association
New Jersey Utilities Association
New Jersey State Veterans Chamber of Commerce
New Jersey Warehousemen & Movers Association
New York Shipping Association, Inc.
Newark Regional Business Partnership
North Jersey Jewish Business Alliance
Ocean City Chamber of Commerce
Princeton Mercer Regional Chamber of Commerce
Professional Insurance Agents of NJ
Recreational Fishing Alliance
Salem County Chamber of Commerce
Somerset County Business Partnership
Southern NJ Development Council
Southern Ocean County Chamber of Commerce
Statewide Hispanic Chamber of Commerce of New Jersey
Sussex County Chamber of Commerce
The United Boatmen of N.J.
Union Township Chamber of Commerce
Utility & Transportation Contractors Association

cc: Governor Phil Murphy
New Jersey Legislature