

June 02, 2020

## Senate Looks To Fast Track House Passed PPP Bill

On Monday, Senate Majority Leader Mitch McConnell announced that his chamber would “soon” vote on a House bill passed last week that would add flexibility to Paycheck Protection Program, that is helping small businesses survive the economic crisis caused by the novel coronavirus.

McConnell is seeking to move the bill by unanimous consent in the Senate if no senators raise objections to a notice to lawmakers, according to the aides.

The House bill would extend the eight-week period when proceeds must be spent for loans to be forgiven to 24 weeks or until the end of the year, whichever comes first. Businesses would also have as long as five years, instead of two years, to repay any money owed on a loan and could use a greater percentage of proceeds on rent and other approved non-payroll expenses.

The eight-week period began expiring Friday for the first loan recipients after the Small Business Administration program opened April 3. Businesses, especially in the restaurant and hospitality industry, that are only recently getting the green light to reopen say they need more time to distribute pay.

To see a full breakdown of what was in the House PPP bill please see this MBS alert.

“I hope and anticipate the Senate will soon take up and pass legislation that just passed the House by an overwhelming vote of 417-1 to further strengthen the Paycheck Protection Program so it continues working for small businesses that need our help,” McConnell said Monday.

It is not yet clear if all senators will agree to the bill without changes.

The Senate attempted to pass their own version of a PPP bill two weeks ago before the Senate convened for Memorial day break but we not able to get unanimous consent of all senators.

Changes that are in the Senate version are:

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- Pushes deadline to apply for program from June 30, 2020 to December 31, 2020;
- Extending the covered period of the loan and from eight week period to 16 weeks
- Including “covered worker protection expenditures” as allowable expenditures for using the loan proceeds. This includes various operating or capital expenditures that are required to comply with HHS, CDC or OSHA requirements or guidance; and
- Hold harmless provision clarifying that borrowers who maintained payroll for eight weeks won’t forfeit loan forgiveness because of the extension, and ensures that lenders aren’t held liable for borrowers’ certifications made for the loans.

The Senate bill does not include language on the 75/25 requirement, but it will be brought up and we are advocating for it.

That bill had the support of Senate Small Business Committee Chairman Marco Rubio (R-FL). Rubio has been vocal about his concerns about the recently passed House bill. Rubio said in a statement last week that some provisions in the House bill “could create an unintended disincentive to rehiring and create new and serious burdens for PPP borrowers in terms of forgiveness.”

Rubio said he would work to ensure that “necessary changes to increase flexibility do not inadvertently harm business owners and employees in the process.” Rubio had asked the Treasury Department whether it could address the problems during implementation of the bill.

Rubio went on to say that the House language creates a problem for companies that use less than 60 percent of a loan on payroll. The current PPP program allows partial loan forgiveness if a company uses less than 75 percent of a loan for payroll, but the House bill appears to state that none of the loan would be forgiven if the 60 percent threshold isn’t met.

The House has left Washington with the next scheduled vote on June 30. Agreeing to the House bill without changes would be the fastest way for the PPP bill to become law.

## **Related People**

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