

Continuing Paycheck Protection Program Act

SUMMARY

The **Continuing Paycheck Protection Program Act** would provide additional assistance to the hardest-hit small businesses that are struggling to recover from the impacts of the COVID-19 pandemic. The bill has two main components:

Paycheck Protection Program Second Draw Loans:

- Provides \$257.64 billion in funds to support PPP and PPP Second Draw Loans.
- Defines eligibility for PPP Second Draw loans as small businesses that meet the applicable SBA revenue size standard, have no more than 300 employees, and demonstrate at least a 35 percent reduction in gross revenues between comparison quarters in 2019 and 2020.
- Includes a \$25 billion set-aside for entities with 10 or fewer employees and a \$10 billion set-aside for loans made by community lenders.
- The maximum loan size would equal 2.5 times average total monthly payroll costs, up to \$2 million. Businesses that received a PPP loan may not receive another PPP loan that aggregates to more than \$10 million.
- The 60/40 cost allocation for payroll and non-payroll costs to receive full PPP forgiveness would continue to apply.

Paycheck Protection Program Improvements:

- Expands forgivable expenses to include covered supplier costs, covered worker protection expenditures, and covered operations expenditures.
- Provides for an expanded lender safe harbor.
- Allows borrowers to select a loan forgiveness covered period between 8 weeks and 24 weeks during which to spend loan proceeds on forgivable costs.
- Simplifies the forgiveness application process for smaller loans while increasing SBA's ability to audit and review forgiven loans. Appropriates \$50 million to support this audit authority.
- Establishes a specific PPP loan calculation for farmers and ranchers.
- Provides Farm Credit System Institutions with greater certainty and equity in PPP lending participation.
- Expands PPP eligibility to include certain 501(c)(6) organizations, with 300 or fewer employees, excluding professional sports, political campaigns, and lobbying expenses.
- Prohibits the use of PPP loan proceeds for lobbying activities.
- Clearly defines "seasonal employer."
- Establishes a procedure in the bankruptcy process if the Administrator determines certain companies in Chapter 11 are eligible for PPP loans.