



NEW YORK STATE SENATOR

Brian Kavanagh

Kavanagh Urges Congress to Ease Restrictions on 'Paycheck Protection Program' for Small Businesses

BRIAN KAVANAGH May 13, 2020

| ISSUE: **PAYCHECK PROTECTION PROGRAM, SMALL BUSINESS, CORONAVIRUS PANDEMIC; COVID-19; SMALL BUSINESSES**



On May 13, Senator Kavanagh, along with 29 colleagues, called on Speaker Nancy Pelosi and Minority Leader Chuck Schumer to ease restrictions on the Paycheck Protection Program, which is intended to help small businesses recover from the COVID-19 economic shutdown. Meeting the program's requirement that businesses allocate 75% of the funds to cover payroll costs, with only 25% remaining for rent or other overhead, is simply not feasible for many small businesses that still have little or no ability to reopen.

The text of the legislators' letter is below; the original may be viewed via the link above.

May 13, 2020

Nancy Pelosi

Speaker of the House

United States House of Representatives

1236 Longworth HOB

Washington DC 20515

Charles Schumer

Minority Leader

United States Senate

Russell Wilson Senate Building

Washington DC 20515

Dear Speaker Pelosi and Minority Leader Schumer:

First off we'd like to thank you, on behalf of our constituents and all New Yorkers for the work you're doing during the COVID-19 global pandemic.

We write to you today to bring up concerns we have been hearing from small businesses regarding the conditions and terms of the Paycheck Protection Program (PPP). The requirement that businesses allocate 75 percent of the loan money to cover payroll costs, with only 25 percent allowed for other overhead in order for the loan to be converted to a grant, is simply not feasible for many small businesses in areas affected by COVID-19. The terms of the PPP leave only a mere eight weeks to rehire their payroll. For many, this will fall within the month of June when our state will only be in the early phases of reopening. In

regions such as New York City that are unable to open up and will have a slow phase in, these restrictions to converting the funds to a loan will not be able to be met and will do further harm to those who will now be saddled with additional debt or forced to lay off their workers again.

Most small businesses that are in the hospitality industry are closed or employing only a skeleton staff as a result of Governor Cuomo's NY PAUSE order. In order for some small business in the hospitality industry to hit the 75% payroll threshold, they would essentially have to pay people for doing nothing in the near term. At the same time, the restaurants are facing other significant costs such as insurance, rent and debt services which payments can not be waived.

We ask that you ease these restrictions to make this program work for those that it was intended for. If you have any questions, please feel free to contact us to discuss ways we can help small businesses across the city and state.

Sincerely,

Andrew S. Gounardes, Member of Senate

Alessandra Biaggi, Member of Senate

Liz Krueger, Member of Senate

Roxanne J. Persaud, Member of Senate

Diane Savino, Member of Senate

Brian Kavanagh, Member of Senate

Monica Martinez, Member of Senate

James Skoufis, Member of Senate

Jen Metzger, Member of Senate

Timothy M. Kennedy, Member of Senate

Todd Kaminsky, Member of Senate

Felix W. Ortiz, Member of Assembly

Mathylde Frontus, Member of Assembly

Judy Griffin, Member of Assembly

Nicole Malliotakis, Member of Assembly

Monica P. Wallace, Member of Assembly

Kimberly Jean-Pierre, Member of Assembly

Michael J. Norris, Member of Assembly

Aravella Simotas, Member of Assembly

Dan Quart, Member of Assembly

Steven Cymbrowitz, Member of Assembly

Rebecca A. Seawright, Member of Assembly

Charles D. Lavine, Member of Assembly

Steve Englebright, Member of Assembly

Jaime Williams, Member of Assembly

Walter T. Mosley, Member of Assembly

Jake Ashby, Member of Assembly

Richard N. Gottfried, Member of Assembly

Diana C. Richardson, Member of Assembly

Sandy Galef, Member of Assembly