The Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act

This **$325 billion** title would provide additional assistance to the hardest-hit small businesses, nonprofits, and venues that are struggling to recover from the impact of the COVID-19 pandemic. The title would provide funding for a second round of forgivable loans through the Paycheck Protection Program for small businesses and nonprofits experiencing significant revenue losses, make programmatic improvements to PPP, fund grants to shuttered venues, and enact emergency enhancements to other SBA lending programs. This critical assistance will provide small business owners with the capital they need to survive the pandemic and includes critical resources for the smallest businesses.

Paycheck Protection Program Second Draw Loans:

- Creates a second round of PPP loans for eligible businesses.
- Defines eligibility for the PPP second draw as small businesses that have no more than 300 employees and demonstrate at least a 25 percent reduction in gross revenues between comparable quarters in 2019 and 2020.
- Establishes a maximum loan size of 2.5X average monthly payroll costs, up to $2 million.
    - Allows small businesses assigned to the industry NAICS code 72 (Accommodation and Food Services) to receive PPP second draw loans equal to 3.5X average monthly payroll costs in order to helps these businesses combat onerous State and local restrictions.
    - Maintains existing expansions in eligibility for businesses assigned to the industry NAICS code 72 (Accommodation and Food Services).
- Borrowers receive full loan forgiveness if they spend at least 60 percent of their PPP second draw loan on payroll costs over a time period of their choosing between 8 weeks and 24 weeks.
- Affirms the eligibility of churches and religious organizations and prohibits a future administration from making them ineligible.
    - Preserves the application of affiliation rules to nonprofits, which makes Planned Parenthood ineligible.
- Includes set-asides to support first-time PPP borrowers with 10 or fewer employees, second-time PPP borrowers with 10 or fewer employees, first-time PPP borrowers who have been made newly eligible, and second-time returning PPP borrowers. Additionally, provides for a set-aside for loans made by community lenders.

Paycheck Protection Program Improvements:

- Expands PPP allowable and forgivable expenses to include supplier costs on existing contracts and purchase orders, including the cost for perishable goods at any time, costs relating to worker protective equipment and adaptive costs, and technology operations expenditures.
- Provides needed assurances to PPP lenders that no enforcement action could be taken against a lender who originated the loan in good faith, complied with all regulations, and relied in good faith on a borrower's certification and documentation.
- Enhances borrower flexibility by allowing borrowers to select their loan forgiveness covered period between 8 weeks and 24 weeks.
- Simplifies the forgiveness application process for smaller loans up to $150,000 while increasing SBA's ability to audit and review forgiven loans.
- Allows PPP borrowers to include additional group insurance payments when calculating their PPP payroll costs. This would cover insurance plans such as vision, dental, disability and life insurance.
- Allows borrowers who returned all or part of their PPP loan to reapply for the maximum amount applicable. It also allows lenders to recalculate borrower's loan amounts due to changes in regulations regardless of whether SBA Form 1502 has been submitted.
- Establishes the loan amount calculation for farmers and ranchers to better align with recent years' income.
- Provides Farm Credit System Institutions with greater certainty and equity in PPP lending participation.
- Defines "seasonal employer."
- Expands PPP eligibility for certain 501(c)(6) nonprofits and Destination Marketing Organizations with 300 or fewer employees that do not receive more than 15 percent of their revenue from lobbying.
- Expands PPP eligibility to local newspapers and T.V., and radio stations previously made ineligible by their affiliation with other stations.

- Establishes a procedure in the bankruptcy process if the Administrator determines certain small business debtors in Chapter 11 are eligible for PPP loans.
- Eliminates the requirement that EIDL advances be subtracted from PPP forgiveness.

Emergency Enhancements to SBA's Lending Programs

- Temporarily enhances the terms of the 7(a) loan program by increasing the loan guarantee to 90 percent and offering reduced or no fees for the borrower and the lender. Additionally, it would temporarily increase the 7(a) express loan limit and loan guarantee to provide access to needed working capital.
- Temporarily eliminates fees for the 504 loan program and favorable terms for refinancing loans.
- Increases the aggregate loan limit for microloan intermediaries in order to ensure intermediaries have increased capacity to make loans to underserved and underbanked borrowers.
- Extends the Small Business Debt Relief program, Section 1112 of the CARES Act, which would defer payments of principal and interest on new and existing SBA 7(a), 504, and Microloan programs for eligible entities.

Increased Transparency and Accountability in SBA Programs:

- Mitigates fraud by requiring new measures for the SBA to verify eligibility for EIDL Advance grants.
- Appropriates $20 million to the SBA Inspector General to prevent fraud, waste, and abuse in the Targeted EIDL Advance grant program.
- Increases transparency of SBA's PPP forgiveness audit and review process by requiring the SBA to submit a detailed forgiveness audit plan to Congress within 30 days of enactment. Appropriates $50 million to support SBA's PPP audit authority.
- Requires the SBA Administrator and the Secretary of the Treasury to testify within 120 days of enactment and twice a year for two years to the Senate and House Small Business Committees.
- Requires the SBA to comply with GAO requests within 15 days unless the Administrator provides the Senate and House Small Business Committees with a detailed justification for the inability of the Administrator to comply.
- Codifies the list of ineligible businesses for PPP, which includes: publicly-traded businesses; entities listed in 13 C.F.R. 120.110 except for entities from that regulation which have otherwise been made eligible by statute or guidance; entities affiliated with entities in the People's Republic of China; registrants under the Foreign Agents Registration Act; and entities that are receiving a grant under the live venues grant program.
- Prohibits PPP loan proceeds to be used for lobbying activities.
- Requires the President, Vice President, the head of an Executive department, or a Member of Congress as well as their spouse to disclose this status when receiving forgiveness on a Paycheck Protection Program initial loan. Prohibits these individuals from obtaining a future PPP loan.

Support for Venues:

- Establishes a $15 billion grant program to support **shuttered live venues, theaters, museums, and zoos** that have experienced significant revenue losses.
- Provides enhanced verification and requires increased transparency of SBA's oversight plans to ensure funds are directly benefiting eligible entities.

Increased Appropriations: $325 billion

- $284.45 billion for Paycheck Protection Program Second Draw Loans.
    - $25 million for Minority Business Development Centers under the Minority Business Development Agency (MBDA) to assist minority business enterprises with technical assistance, such as applying for PPP.
    - $50 million to SBA for PPP auditing and fraud mitigation purposes.
- $15 billion for grants for shuttered live venues, theaters, museums, and zoos.
- $20 billion for the EIDL Advance program, of which $20 million is for the SBA Inspector General.
- $3.5 billion for continuing the Section 7(a) Debt Relief program.
- $2 billion to carry out SBA lending enhancements.

- Of this amount, $57 million for the Microloan program for technical assistance and direct lending to underserved borrowers.

Rescission of Unobligated Funds: $146 billion

- Rescinds $137.5 billion in unobligated funds from PPP.
- Rescinds $9 billion in unobligated funds from Section 1112 of the CARES Act.