

July Advocacy Update

PLEASE [TAKE](#) THE JULY COVID UPDATE SURVEY!

We are talking to Hill Offices daily, and we want to give them data, which will lead to helping women business owners in the fourth round of relief.

NAWBO BI-PARTISAN POSITION REMINDER

As the 2020 election cycle heats up, just a friendly reminder that NAWBO is a bi-partisan organization, and we will not be endorsing any candidates at this time.

ON THE HILL THIS MONTH

Week of July 27-31:

Negotiations are Stalled and House Dems and Senate GOP are \$2 T Apart

As unemployment benefits began to expire across the country starting July 25, negotiations are going anyways. Late last night WH Chief of Staff Mark Meadows said that Democrats rejected a short-term deal. At the same time, Senate Democratic Leader Schumer said “we just don’t think they understand the gravity of the problem.” In NAWBO’s discussions with Hill staff, some believe this weekend may put pressure on lawmakers, but they aren’t sure if that pressure will be enough.

NAWBO, SBR, and Numerous Other Organizations Send Letter to Leadership on 501(c)(6) Concerns

NAWBO along with other organizations sent a [letter](#) to House and Senate leadership this week to express our strong support for expanding eligibility to 501(c)(6) organizations to apply for loans under the Paycheck Protection Program.

Rubio, Collins Introduce Phase IV Small Business Relief Package

Senators Rubio and Collins introduced the GOP Phase IV Small Business Relief Package today. You can find the [section by section](#) and [summary](#) of the Continuing Small Business Recovery and Paycheck Protection Program Act. Keep in mind! This is the GOP proposal. The Republican party will still need to negotiate with Democrats to get this across the finish line. This is also only the small business portion of the package.

Highlights surrounding the Paycheck Protection Program include:

- Additional eligible expenses in Paycheck Protection Program including but limited to payment for software, cloud computing, PPE equipment.
- 8-week covered period for forgiveness
- Simplified applications for loans under \$150 K
- Employer-provided group insurance benefits are included in payroll costs
- For those taking out their first PPP loan: max loan \$2 million instead of \$10 million
- For those taking out a second PPP loan:
 - meet the SBA's revenue size standard, if applicable;
 - employ not more than 300 or fewer employees; and
 - demonstrate at least a 50 percent reduction in gross receipts in the first or second quarter of 2020 relative to the same 2019 quarter.

- The loan amount of 2.5 times average total monthly payroll costs in the one year or to the loan, up to \$2 million.
- 60/40 cost allocation between payroll and non-payroll
- **Set aside for very small businesses:** \$25 billion in funds set aside for entities employing 10 or fewer employees
- **Set-aside for Community Lenders.** \$10 billion in funds is set aside to be made by community financial institutions; insured depository institutions with consolidated assets of less than \$10 billion; credit unions with consolidated assets of less than \$10 billion; and farm credit system institutions with assets of less than \$10 billion.
- **Guidance to prioritize underserved communities.** Directs the Administrator to issue guidance addressing barriers to access to capital for underserved communities.
- **Eligibility of 501(c)(6) Organizations** for loans under PPP if:
 - the organization does not receive more than 10 percent of receipts from lobbying;
 - the lobbying activities do not comprise more than 10 percent of receipts;
 - the organization has 50 or fewer employees; and
 - the covered loan is not more than \$500,000.

Unemployment Benefits

The GOP proposal, according to Treasury Secretary Steven Mnuchin, will transition to payments equal to roughly 70 percent of an individual's previous wages. There would be a two-month transition where the unemployed would receive \$200 on top of their unemployment benefits.

Other potential items in the larger GOP Package

- Liability protections to create a safe harbor for businesses, schools, health care providers and nonprofits
- Enhanced employee retention tax credit
- Deductions for employer purchases of testing, PPE and other supplies
- Increase in business meal deduction to 100%, from 50%
- A second round of direct payments
- Some form of an extension, at a reduced rate, to the federal enhanced unemployment benefit
- Extension of federal eviction moratorium.
- \$105 billion in education funds, split as \$70 billion for K-12, \$30 billion for colleges/universities, \$5 billion for governors to utilize
- \$16 billion in new funds for state testing grants, plus an administration commitment to designate \$9 billion in unused funds from the CARES Act (making the total \$25 billion)
- \$26 billion for vaccine research and distribution
- \$15.5 billion for the National Institute of Health
- Increased flexibility and time window for states to utilize initial CARES Act funds, but no explicit new funds

Week of July 20-24, 2020:

Both the House and Senate passed their versions of the FY 2021 National Defense Authorization this week. For further details on what the House bill will grant small businesses greater opportunities to participate in the federal procurement marketplace, click [here](#).

On July 23, 2020, the Senate Committee on Small Business & Entrepreneurship held a hearing titled "Capital Access for Minority Small Businesses: COVID-19 Resources for an Equitable and Sustainable Recovery." The hearing called for increased support for the Minority Business Development Agency and the Small Business Administration's 7(a) Community Advantage Pilot Program, among others. Click [here](#) to watch the full hearing.

Next week, on Wednesday, July 29, at 10:00 AM, the House Small Business Committee will hold a [hearing](#) titled "Kick Starting Entrepreneurship and Main Street Economic Recovery."

PHASE 4 ROUND OF RELIEF DISCUSSIONS BEGIN

NAWBO National continues to hear and see the preliminary frameworks for the next round of coronavirus relief funding. After reviewing some initial outlines, NAWBO National and the National Association for the Self-Employed co-authored a [letter](#) to Senate and House Leadership on two issues that we were not included. The Small Business Roundtable sent the following [letter](#), which includes policy priorities moving forward. The letter went to all Small Business Staffers and Legislative Directors as well as the committee staffs.

Week of July 12-17, 2020:

House SBC Oversight Hearing of the Small Business Administration and Department of Treasury Pandemic Programs

This morning, the House Small Business Committee held a hearing entitled, "Oversight of the Small Business Administration and Department of Treasury Pandemic Programs." SBA Administrator Carranza and Treasury Secretary Mnuchin testified before the committee. Here are some highlights:

- It was the overall consensus that the next round of relief needs to go to the hardest hit businesses and those underserved including women business owners and other minorities.
- Secretary Mnuchin stated that lawmakers should continue to use the existing programs.
- The Secretary also stated that the existing Paycheck Protection Program funds should be topped off for businesses that are the hardest hit. However, moving forward he believes there needs to be a revenue test and safeguards put in place as well as looking at the size of the business.
- The Secretary believes the Economic Injury loans should stay at \$250,000 or less since the Main Street Program is up and running with loans more than \$250,000.
- Chairwoman Velazquez stressed the need to remove the cap on the EIDL loans and requested that Administrator Carranza let Congress know how much more money the EIDL program needs. She also stated that there needs to be a Comprehensive Program Guide for borrowers and lenders in the Paycheck Protection Program.

Week of June 29- July 3, 2020:

PPP Extended Until August 8

The House followed the [Senate's](#) lead and voted to extend the Paycheck Protection Program through August 8. The program has about \$130 billion left in its coffers.

House Activity

In addition to the PPP extension, House Democrats on Wednesday passed a \$1.5 trillion green infrastructure plan that would surge funding to repair the nation's roads and bridges, while setting aside funds for broadband, schools, and hospitals. The bill is dead on arrival in the Senate, and the White House issued a veto threat.

On Wednesday, July 1, the House Small Business Committee held a [hearing](#) titled, "The Economic Injury Disaster Loan Program: Status Update from the Administration." Mr. James Rivera, the Small Business Administration's (SBA) Associate Administrator for the Office of Disaster Assistance (ODA) testified.

On Thursday, July 2, the House Small Business Committee held a [hearing](#) titled "Supply Chain Resiliency." Members heard from small business owners and experts about steps the federal government can take to ensure more resiliency and focus on ways we can correct the vulnerabilities of small firms and utilize their strengths moving forward.

Also, on Thursday, the House Committee on Financial Services held a [hearing](#) titled "Access Denied: Challenges for Women- and Minority-Owned Businesses Accessing Capital and Financial Services During the Pandemic."

The House returns Monday, July 20.

Senate Activity

The Senate resumed consideration of [S.4049](#), the National Defense Authorization Act for Fiscal Year 2021.

In other Senate news this week, the Senate Small Business Committee & Entrepreneurship Chairman, Marco Rubio (R-FL) and Senator Ted Cruz (R-TX), among others, [introduced](#) the *Loan Interest Forgiveness for Taxpayers Under a Pandemic (LIFT UP) Act*. This bill would expand the eligibility for debt forgiveness provided in the CARES Act to small businesses that received SBA disaster loans. To view the full text of the bill, [click here](#).

The Senate Small Business & Entrepreneurship Ranking Member Ben Cardin (D-Md.) and Senators Maria Cantwell (D-Wash.), Chuck Schumer (N.Y.), among others, today introduced the Minority Business Resiliency Act. The bill would make the Minority Business Development Agency (MBDA), which was created by Executive Order in 1969, permanent. It would also expand the reach of the agency by creating regional MBDA offices, strengthening its grant-making capacity, and increasing its coordination with other federal agencies. Full bill text will be forthcoming.

The Senate returns on Monday, July 20.

ADMINISTRATION UPDATES

UPDATES FROM SMALL BUSINESS ADMINISTRATION

[SBA Procedural Notice: Procedures for Lender Submission of Paycheck Protection Program](#)

[Loan Forgiveness Decisions to SBA and SBA Forgiveness Loan Reviews](#) (Released July 23, 2020)

The PPP Forgiveness Platform will go live and begin accepting Lender submissions on

August 10, 2020, subject to extension if any new legislative amendments to the forgiveness process necessitate changes to the system.

[SBA Information Notice on Guidance Regarding Identification and Reporting of Suspicious Activity in the COVID-19 EIDL Loan Program](#) (Released July 22, 2020)

[Summary of PPP lending as of 6/27/20](#)

[How to Calculate Loan Amounts](#)

UPDATES FROM THE IRS

IRS provides guidance on recapturing excess employment tax credits: The Internal Revenue Service issued a [temporary regulation](#) and a [proposed regulation](#) to reconcile advance payments of refundable employment tax credits and recapture the benefit of these credits when necessary.

IRS issues final regulations and other guidance on business interest expense deduction limitation: The Internal Revenue Service issued [final regulations](#) regarding the provision of the Tax Cuts and Jobs Act that limits the deduction for business interest expense, including basic statutory amendments made by the CARES Act.

IRS issues proposed regulations for TCJA's simplified tax accounting rules for small businesses: The Internal Revenue Service today issued [proposed regulations](#) updating various tax accounting regulations to adopt the simplified tax accounting rules for small businesses under the Tax Cuts and Jobs Act (TCJA). For tax years beginning in 2019 and 2020, these simplified tax accounting rules apply for taxpayers having inflation-adjusted average annual gross receipts of \$26 million or less (known as the gross receipts test).

OTHER GUIDANCES

[Wage and Hour Rules, Family and Medical Leave as Workplaces Reopen Guidance:](#) On July 20, 2020, the Department of Labor released additional guidance on Wage and Hour Rules, Family and Medical Leave as Workplaces Reopen. The guidance includes commonly asked questions and answers that address critical issues in all three laws. For further details, click [here](#).

[Pandemic Unemployment Assistance Guidance:](#) The [guidance](#) DOL's Employment and Training Administration published late Tuesday updated its instructions to state workforce agencies by addressing a series of questions states have asked about Pandemic Unemployment Assistance. Congress created the program in March to extend benefits to gig-economy workers, freelancers, and others who wouldn't traditionally qualify for unemployment insurance. The guidance advises states on matters such as how to make monetary determinations and whether workers may remain on PUA after declining an employment offer that they believe would pose a risk to their health. Other questions addressed include how the penalty weeks for overpayment that disqualify a claimant under the regular unemployment compensation system affect a worker's ability to qualify for PUA, and when eligibility for the new program expires.

OTHER TOOLS

MAIN STREET LENDING PROGRAM

The goal of the Main Street Lending Program is to keep credit flowing to small and mid-sized businesses and nonprofit organizations that were in sound financial condition before the coronavirus pandemic but now need financing to maintain operations. Click [here](#) for more information on the program from the Federal Reserve Bank of Boston.

SBA Tools for Small Business Exporters and Global Supply Chains

Tuesday, July 21, 2020 - 12:00pm – 12:30pm

[REGISTER ONLINE](#)

With countries affected by coronavirus earlier than the U.S. beginning to re-open, global market opportunities are beginning to re-emerge. This has implications for companies that are selling overseas and/or part of a global supply chain. NAWBO and U.S. Small Business Administration (SBA) are teaming up to make sure that women-owned small businesses are aware of SBA resources at their disposal to take advantage of these global market opportunities.

The discussion presented by Loretta Solon Greene, Associate Administrator for Office of International Trade and Michele Schimpp, Deputy Associate Administrator for the Office of International Trade will highlight the Debt Relief component of the CARES Act and implications for SBA export finance products and other resources available to U.S. small businesses.

There will be also be time at the end for attendees to ask SBA questions about all these programs.

Want to hear more about NAWBO Advocacy efforts or get involved? Contact Elle Patout via email at epatout@nawbo.org.