



U.S. Congressman Jimmy Panetta

Proudly Serving California's 20th Congressional District

PPP Improvement Proposal Section by Section

Congressman Jimmy Panetta and Joint Economic Committee Vice Chair Don Beyer

Section 1: \$660 billion authorized for PPP with set-asides for small businesses

- \$240 billion set aside for employers with fewer than 10 employees
- \$180 billion set aside for employers with 10 or more but fewer than 50 employees
- \$50 billion set aside for employers with 50 or more but fewer than 100 employees
- \$90 billion set aside for employers with 100 or more but fewer than 250 employees
- \$60 billion set aside for employers with 250 or more but fewer than 500 employees
- \$40 billion set aside for employers 500 employees and up

Section 2: Higher Processing Fees for the Smallest Loans, Lower Processing Fees for the Largest Loans

- The processing fees paid to lenders are restructured to be:
 - 7.5 percent for loans of not more than \$50,000;
 - 5 percent for loans of more than \$50,000 and not more than \$350,000;
 - 3 percent for loans of more than \$350,000 and not more than \$2,000,000;
 - 1 percent for loans of more than \$2,000,000 and not more than \$5,000,000;
 - 0.5 percent for loans of more than \$5,000,000 and not more than \$7,500,000; and
 - 0.25 percent for loans of more than \$7,500,000.

Section 3: Lender Reporting/Transparency Requirements

- Lenders Participating in PPP must produce a public report detailing the total value of loans processed, and the percentage that value represents of total loan value, for borrowers with:
 - Fewer than 10 employees
 - 10 or more but fewer than 50 employees
 - 50 or more but fewer than 100 employees
 - 100 or more but fewer than 250 employees
 - 250 or more but fewer than 500 employees
 - 500 or more employees

Section 4: Eligibility

- All nonprofits are eligible regardless of type.
 - Lobbyist ban: Registered federal lobbyists may not count as employees when calculating loan values, with no forgiveness for payroll paid to such lobbyists.
- Publicly traded companies are ineligible, unless the business in question is independently owned and operated (such as a franchisee), and the loan is applied for by the independent owner/operator.

Section 5: Sliding Scale for Forgiveness Reduction

- If a certain percentage of the funds as determined by the Treasury Secretary (currently 75%) are not used on payroll, the loan forgiveness will be reduced by the difference of the amount needed to be paid to reach that percentage and the amount spent on payroll.

Section 6: Rehiring Date Moved back to August 31, 2020

- The date to rehire employees by is moved from June 30, 2020, to August 31, 2020.

Section 7: Allowing for the 8 weeks to be stretched

- Businesses may elect to pay the 8 weeks of payroll over up to a 16-week period without losing loan forgiveness.

Section 8: Allowance for Payroll Retroactivity

- Loan Disbursements may be used for payroll expenses incurred after March 15, regardless of when the loan was disbursed.

Section 9: Misuse of Funds

- Defines misuse of funds that can be prosecuted as knowingly using funds for purposes unrelated to business operations.
- Simply failing to use at least 75% of the funds on payroll only results in partial loss of forgiveness as described in Section 5.

Section 10: EIDL Conversion

- At any time, a borrower may refinance their PPP loan into an Economic Injury Disaster Loan, lengthening the term to 30 years.
- In this case, the borrower sacrifices all forgiveness, and the loan accrues interest as if it had originally been an EIDL at the EIDL interest rate.