

May 5, 2020

The Honorable Senator Gary Peters
United States Senate
Gerald R. Ford Federal Building
110 Michigan Street NW
Suite 720
Grand Rapids, MI 49503

Dear Senator Peters,

We represent a large group of small business who have received a PPP loan under the CARES Act and who are extremely concerned that the help these loans were intended to provide to keep our businesses viable and our people employed, will instead deliver another crippling blow to US Small businesses in a few short weeks as a result of changing rules, regulations and conflicting timelines that need to be urgently addressed.

When originally enacted by the Federal Government the prevailing thought was the economy would be shut down for a two to three-week time period and then reopen. The PPP loans would allow small businesses to keep or bring back their employees onto the payroll and cover two and a half months' worth of certain expenses in forgivable loans that would not be taxable as the economy slowly rebounded to the high levels we were experiencing prior to the shut-down. This would have been an excellent bridge to save our businesses and countless jobs if not for the fact that the shut-down continues to this day. There are differing rules on which companies can reopen and when, and these rules are dictated by independent State and Local governments. These contrasting timelines need to be addressed. When businesses are still closed, yet the timeline to spend PPP funds continues to run out, making forgiveness requirements harder to attain, and if forgiven the loans may now be taxable, this is not the lifeline it was intended to be.

We need Congress to active swiftly and decisively to amend and ensure the following, so these loans are effective at saving our small businesses:

- 1. Timeline to spend the funds needs to be extended to 8 weeks after the local economy and business has been allowed to reopen without restriction.**
- 2. Loans need to be forgiven with eased requirements** especially for companies who received proceeds while the economy was shut down and their timeline to spend the funds was running out. Businesses are incurring expenses they would otherwise never have incurred as they try to rehire employees and pay them at least 75% of their former pay when there is no demand, their businesses are ordered to close and there is no work available. Employees are not happy because many could have made more on unemployment with the Federal FPUC \$600. If these loans are now unable to be forgiven, businesses have taken out additional debt for expenses they would never otherwise have incurred and the company is in an even worse financial position as a result of trying to do the right thing.
- 3. Forgiven loans should be non-taxable as originally promised.** Whether the amount of forgiven debt is added back as income or expenses are disallowed, it has the same effect of increasing the taxable amount of income to the Company. The IRS' position needs to be overridden by Congress.

Small Businesses need your help. We are urgently asking that you please reach out to your fellow members of Congress and request that they move swiftly and decisively to fix the issues and ambiguity in the forgiveness requirements, timetable to spend the funds, and the taxability of these funds for small businesses who are doing exactly what was asked and who are suffering through no fault of their own. This COVID-19 pandemic has been tragic and costly. Our Citizens have suffered physically, mentally, and financially. We had a thriving economy and the lowest unemployment in history 8 short weeks ago, and it has been turned on its head.

As a country we set out to flatten the curve. We did that. We now need to save our economy and our citizens from additional physical, mental, and financial health issues that will rival the pandemic we were trying to battle. We need Congress to get our economy reopened, stop State and Local governments from picking winners and losers and fix the issues so the PPP loans can save our jobs, our businesses, and our Country.

We thank you for your time and your efforts to continue to fight for Michigan Small Businesses, our customers and supply chains, and over XXX employee families we represent.

Sincerely,

Michigan Small Businesses

Please see enclosed