

TO: NAW Direct Members

FROM: NAW Government Relations Team

DATE: April 16, 2020 – 2nd update

1. Update on Congressional Action for Additional Paycheck Protection Program (PPP) Funding

Yesterday evening, the Paycheck Protection Program (PPP) exhausted its funding forcing the Small Business Administration (SBA) to stop accepting applications for job-saving loans. According to a press release from Treasury Secretary Mnuchin and the SBA, “By law, the SBA will not be able to issue new loan approvals once the programs experience a lapse in appropriations.”

Additionally, lenders will no longer be able to load PPP applications into the Capital Access Financial System (CAFS or E-Tran) [the Lender Gateway]. Applicants who have already submitted their applications will continue to be processed on a first-come, first-served basis. SBA is reaching out to the lending community so that they may prepare and inform their small business customers of the situation. SBA will continue to inform its lending partners of new updates should Congress authorize additional funds.

In anticipation of this, NAW helped organize and collect signatures from more than 200 trade groups on a letter urging Congress to quickly authorize more money for the Paycheck Protection Program.

You can view the coalition letter here:

<https://s-corp.org/wp-content/uploads/2020/04/Paycheck-Protection-Program-Association-Letter-April-2020.pdf>

Additionally, Bloomberg ran a story on this letter, which was sent yesterday. There are more than 40 distribution associations among the 165 national organizations on the letter.

You can view the Bloomberg article here:

<https://www.naw.org/wp-content/uploads/2020/04/Article-Bloomberg-April16.pdf>

Talks on the Hill and downtown continue today on how to address this issue and fund the PPP and protect and support small businesses around the country. However,

Congress is still deadlocked over how to allocate more money for the popular loan program, with Democrats continuing to oppose the GOP's \$250 billion infusion for the fund as they demand equal funding for hospitals and local governments.

While there was some hope for a deal today, the Senate adjourned shortly after their 3 p.m. pro forma session without an agreement on additional funding for the PPP. During his remarks, Leader McConnell said, "Every Senate Republican was ready to act today, but Democrats would not let us reopen the program. It is surreal to see Democratic Leaders treat support for workers and small businesses as something they need to be goaded into supporting." The Senate will meet again in pro forma session with no business scheduled for Monday, April 20th. The House plans to meet in pro forma session tomorrow.

Frustrations on both sides of the Hill are growing. According to a Politico report, Democrat Senator Kyrsten Sinema endorsed a bill solely funding the Paycheck Protection Program:

"The Senate should approve [additional] funding by unanimous consent ASAP. Small businesses need our help to survive during this emergency."

But Democratic leaders haven't budged. We are hearing from some on Capitol Hill that deadlock will continue until next week, or possibly until May if a deal is not reached quickly.

Both chambers are not expected, absent an emergency, to return to Washington until at least the week of May 4th given the danger of the coronavirus. Members have been advised that if they are required to take action on critical legislation related to the coronavirus, they would be given sufficient time to return to Washington, DC.

2. Update on Main Street Lending Program

S-Corps and MSLP: As we reported in Update Number 23 (link to all previous updates below), NAW is working with our colleagues in the S Corp Association and others to persuade the Department of the Treasury and the Federal Reserve to modify a provision in the MSLP that we believe would inadvertently exclude S Corps and other pass-throughs from the loan program.

The letter the S Corp Association sent to Treasury is here:

<https://www.naw.org/wp-content/uploads/2020/04/Letter-S-Corp.pdf>

Today we renewed that effort by enlisting the help of a Member of Congress from Ohio. The Steering Committee of the Partnership for Main Street Parity (PMSE), including NAW, sent a letter to Congressman Warren Davidson, member of the House Financial Services Committee and supportive of Main Street business, explaining the need to correct this problem in the MSLP.

You can read the PMSE letter here:

<https://www.naw.org/wp-content/uploads/2020/04/Davidson-Letter.pdf>

Committed but undrawn debt: We reported this morning on a time-sensitive effort to submit comments to the Federal Reserve urging that they modify a provision in the MSLP New and Expanded Loan Facility Term sheets that would likely exclude many distributors from participating in the program.

The deadline for submitting comments to the Fed on this issue is close of business today, and if you have not commented but would like to, instructions on how to submit comments were in our update this morning. Also, for your information, NAW sent a comment letter to the Secretary of the Treasury on this issue.

You can read that letter here:

<https://www.naw.org/wp-content/uploads/2020/04/NAW-Letter-to-Treasury.pdf>

Now Available for Purchase On Demand: "Distribution Industry: Navigating the Crisis" with Alan Beaulieu: <https://www.naw.org/navigating-the-crisis/>

Scroll down for links to Critical Updates sent previously.

Many thanks—

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The above information and links to other information has been prepared by NAW for the general information of NAW members. It is not intended to, and does not, provide tax, legal or professional advice concerning any specific matter. You should not act on the information without first obtaining professional advice and counsel.

Critical Update Number 26 on April 16 at 11:30 AM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-26.pdf>

Critical Update Number 25 on April 15 at 4:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-25.pdf>

Critical Update Number 24 on April 14 at 3:30 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-24.pdf>

Critical Update Number 23 on April 10 at 4:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-23.pdf>

Critical Update Number 22 on April 9 at 12:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-22.pdf>

Critical Update Number 21 on April 7 at 5:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-21.pdf>

Critical Update Number 20 on April 6 at 4:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-20.pdf>

Critical Update Number 19 on April 4 at 4:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-19.pdf>

Critical Update Number 18 on April 3 at 5:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-18.pdf>

Critical Update Number 17 on April 2 at 4:30 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-17.pdf>

Critical Update Number 16 on April 1 at 4:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-16.pdf>

Critical Update Number 15 on March 31 at 3:30 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-15.pdf>

Critical Update Number 14 on March 30 at 4:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-14.pdf>

Critical Update Number 13 on March 29 at 3:45 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-13.pdf>

Critical Update Number 12 on March 29 at 12:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-12.pdf>

Critical Update Number 11 on March 28 at 3:30 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-11.pdf>

Critical Update Number 10 on March 27 at 3:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-10.pdf>

Critical Update Number 9 on March 26 at 5:30 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-9.pdf>

Critical Update Number 8 on March 26 at 10:45 AM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-8.pdf>

Critical Update Number 7 on March 25 at 6 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-7.pdf>

Critical Update Number 6 on March 25 at 1 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-6.pdf>

Critical Update Number 5 on March 24 at 3 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-5.pdf>

Critical Update Number 4 on March 23:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-4.pdf>

Critical Update Number 3 on March 23:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-3.pdf>

Critical Update Number 2 on March 21:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-2.pdf>

Critical Update Number 1 on March 20:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-1.pdf>