

May 05, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles E. Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi and Leaders McConnell, Schumer, and McCarthy:

The undersigned organizations are writing to thank you for your leadership and swift bipartisan action to provide relief to America's small businesses through this economic emergency. Our members' businesses are on the frontlines of this crisis, as the necessary social distancing requirements and travel bans have caused an historic disruption in operations. We are writing today to alert you to a pending shutdown of the Small Business Administration (SBA)'s 7(a) loan program, which has historically provided a lifeline to the nation's small businesses.

Specifically, the *CARES Act* language combined the Paycheck Protection Program (PPP) and the 7(a) loan program's authorization caps, or the dollar amount up to which loans can be made, into one joint \$349 billion authorization cap for the covered period of February 15, 2020 to June 30, 2020. The statute also went one step further and made the 7(a) loan program's FY20 \$30 billion authorization cap null and void for the entirety of the covered period. While PPP loans received \$349 billion in appropriations separate from the 7(a) loan program appropriation for FY20, this combined authorization cap means that the 7(a) program will exhaust funding at the exact moment the PPP shuts down for a second time.

The 7(a) loan program is a long-term loan that provides funding for virtually every business purpose with a maximum maturity of up to 25 years, thus providing payments that will put less stress on borrowers' cash flows. This program serves a very different purpose than the PPP, which primarily provides payroll support through the crisis. Given that the conventional markets are actively receding from the small business community in these difficult times and will only continue to do so in the months to follow, the 7(a) loan program will likely be the only available program for many small businesses in the coming months.

We believe this issue can be resolved in an upcoming pro forma session and urge you to consider a technical fix that will decouple the 7(a) program from PPP. Specifically, we suggest the following language:

"Notwithstanding any other provision of law, the amounts authorized for commitments for general business loans authorized under section 7(a) of the Small Business Act (15 USC 636(a)) under the heading "BUSINESS LOANS PROGRAM ACCOUNT" under the heading "SMALL BUSINESS ADMINISTRATION" under title V of the Consolidated Appropriations Act, 2020 (Public Law 116-93; 133 Stat. 2475) shall apply upon enactment of this Act."

Thank you for your understanding and appreciation of our concerns, as well as your leadership, during this critical time.

Sincerely,

National Organizations

Asian American Hotel Owners Association
American Hotel & Lodging Association
Asian/Pacific Islander American Chamber of
Commerce and Entrepreneurship (ACE)
Coalition of Franchisee Associations
Franchise Business Services
International Franchise Association
National Association of Women Business
Owners
National Franchisee Associations
National LGBT Chamber of Commerce
National Restaurant Association
National Small Business Association
Small Business & Entrepreneurship Council
Small Business Roundtable
U.S. Black Chambers, Inc.
U.S. Chamber of Commerce
U.S. Hispanic Chamber of Commerce

State & Local Organizations

Alabama Restaurant & Hospitality Association
Alaska Hotel & Lodging Association
Arizona Lodging & Tourism Association
Arkansas Hospitality Association
California Hotel & Lodging Association
Colorado Hotel & Lodging Association
Connecticut Lodging Association
Delaware Hotel & Lodging Association
Vermont Chamber of Commerce
Virginia Restaurant, Lodging, and Travel Association
Washington Hospitality Association
West Virginia Hospitality & Travel Association
Wisconsin Hotel & Lodging Association
Wyoming Lodging & Restaurant Association

Florida Restaurant & Lodging Association
Georgia Hotel & Lodging Association
Hospitality Maine
Hospitality Minnesota
Hotel Association of New York City
Hotel Association of Washington DC
Illinois Hotel & Lodging Association
Indiana Restaurant & Lodging Association
Maryland Hotel & Lodging Association
Massachusetts Lodging Association
Michigan Restaurant & Lodging Association
Montana Lodging & Hospitality Association
Nebraska Hotel & Lodging Association
Nevada Hotel & Lodging Association
New Jersey Hotel & Lodging Association
New York State Hospitality & Tourism
Association
North Carolina Restaurant and Lodging
Association
Ohio Hotel & Lodging Association
Oklahoma Hotel & Lodging Association
Oregon Restaurant & Lodging Association
Pennsylvania Restaurant & Lodging Association
Rhode Island Hospitality Association
South Carolina Restaurant & Lodging
Association / Myrtle Beach Hospitality
St. Louis Area Hotel Association
Tennessee Hospitality & Tourism Association
Texas Hotel & Lodging Association
Utah Tourism Industry Association