



SENATE SENDS \$484 BILLION COVID-19 STIMULUS PACKAGE TO THE HOUSE

by Nancy Bostic, Wes Dorman, Dan Kroll, Amy Lott and Lynsey Hyde
April 22, 2020



On April 21, the Senate passed a \$484 billion bill to provide a new wave of relief to small businesses and health service providers due to the impact of COVID-19. The bill authorizes \$310 billion to replenish the Paycheck Protection Program (PPP), which ran out of the \$349 billion in funding initially provided for the PPP under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The bill authorizes \$50 billion for additional Economic Injury Disaster Loans (EIDLs) and \$10 billion for additional emergency EIDL grants (Emergency EIDL Advances) under Section 1110 of the CARES Act. In addition, the bill amends the CARES Act to provide that agricultural enterprises are now eligible to apply for both EIDLs and Emergency EIDL Advances.

Please see our prior alerts ([here](#) and [here](#)) for an in-depth analysis of the key terms of the PPP, EIDLs and Emergency EIDL Advances.

The Senate passed the bill by voice vote, and it is widely anticipated that the House of Representatives will pass the bill tomorrow. President Trump is urging the House to pass the bill. He tweeted yesterday that once the bill is signed, he will start discussions on new COVID-19 legislation to provide more help to state and local governments for lost revenues from COVID-19, investments in infrastructure, tax incentives for restaurants, entertainment and sports and payroll tax cuts to increase economic growth.

The bill allocates \$60 billion for community banks and smaller lenders in the PPP, as well as \$75 billion for health care providers and \$25 billion for COVID-19 testing. The inclusion of community banks and smaller lenders was intentional. The media widely reported that many banks did not process applications for many small business owners who have been severely impacted by COVID-19 even though those applicants met the eligibility criteria for PPP loans. The reason was that the applicants did not have prior business relationships with the banks. This underscores the importance of the inclusion of community banks and smaller lenders in the bill.

The media has also widely reported that many large publicly held companies that may not have been harmed by COVID-19 have obtained millions of dollars in PPP loans that were intended for small businesses. The questions that legislators are starting to ask reflect a growing frustration that PPP funding is being siphoned into companies that have other sources of funding than the PPP and/or may not need PPP funds because they have not been impacted by COVID-19. The form PPP loan application of the Small Business Administration (SBA) currently only requires an applicant to certify that current economic uncertainty makes the loan necessary to support the applicant's ongoing operations. On Monday, Senator Marco Rubio (R-FL) announced that the Senate Committee on Small Business and Entrepreneurship, which he chairs, plans to aggressively oversee the PPP due to the number of reports of companies abusing the program. In addition, Treasury Secretary Steven Mnuchin indicated yesterday that there are severe consequences for making false certifications in a PPP loan application and noted that a FAQ is forthcoming to clarify the certification requirements. An applicant seeking a PPP loan is therefore well advised to use caution in determining if the applicant meets the requirements for PPP loan eligibility.

Please contact Gray Reed's stimulus task force members if you have questions on the CARES Act.

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