

Thursday, June 4, 2020: Paycheck Protection Program (PPP) Clears the Senate

Senate clears Paycheck Protection Program (PPP) bill. It now goes to President Trump for signing and then to the SBA for language changes.

The Senate cleared a bill Wednesday evening that would modify the forgivable loan program for small businesses affected by COVID-19. The bill passed by voice vote sending it to President Donald Trump's desk for signing.

The PPP program details are still to be finalized as they continue working on technical fixes. The bill's biggest change would extend the time period in which borrowers must spend loans in order to have the debt forgiven from eight weeks to 24 weeks.

The bill would not add funds to the program, which has issued \$510.3 billion in loans so far out of the \$660 billion available. The lending pace has slowed considerably in the last few weeks, and the approved total has fallen from \$513 billion in mid-May as some companies have returned loans.

The measure would lower a Small Business Administration threshold requiring businesses spend 75 percent of their funds on payroll to 60 percent. But the legislation as written would require companies to spend 60 percent on payroll or none of the loan would be forgiven. However, some believe there are technical problems in the House bill that needed fixing including clarifying that the difference between the threshold and the amount paid to workers would have to be repaid.

The bill would extend the amount of time small businesses have to pay back loans from two years to five, if they don't qualify to have the loan forgiven. There is also consideration to push the loan application deadline from June 30 to Dec. 31. Once President Trump signs the bill it will then go back to the SBA for language changes prior to release.

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