

June 8, 2020

The Honorable Marco Rubio
Chairman
Committee on Small Business &
Entrepreneurship
U.S. Senate
428A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Nydia M. Velázquez
Chairwoman
Committee on Small Business
U.S. House of Representatives
2302 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Ben Cardin
Ranking Member
Committee on Small Business &
Entrepreneurship
U.S. Senate
428A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Steve Chabot
Ranking Member
Committee on Small Business
U.S. House of Representatives
2371 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Rubio, Chairwoman Velázquez, and Ranking Members Cardin and Chabot:

The undersigned trade associations representing thousands of banks, credit unions, financial institutions, and businesses of all sizes that serve America’s consumers write to express our strong support for S. 4117, The Paycheck Protection Program Small Business Forgiveness Act, sponsored by Senators Kevin Cramer and Kyrsten Sinema. The PPP, established by Congress in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, has provided millions of small businesses the economic relief they need to meet the challenges posed by the COVID-19 crisis. This bipartisan legislation would ensure our nation’s small business owners can focus their time, energy, and resources back into their business and communities instead of allocating significant time and resources into completing complex forgiveness forms.

In order to help our nation’s smallest small businesses, we urge Congress to quickly pass this legislation that would forgive PPP loans of less than \$150,000 upon the borrower’s completion of a simple, one-page forgiveness document. PPP loans of \$150,000 and under account for 85 percent of total PPP recipients, but less than 26 percent of PPP loan dollars. Expediting the loan forgiveness process for many of these hard-hit businesses will save more than \$7 billion dollars and hours of paperwork.

Data provided in an independent analysis by AQN Strategies (AQN) has shown an estimated benefit of issuing auto-forgiveness for various loan size thresholds.¹ AQN anticipates the combined resource requirements of operators’ time and/or third-party expenses to represent an

¹Ben Sabloff, Jason Ford, Gaby Garcia, “Is It Easier to Ask for Forgiveness Than Permission? Not for PPP Loans Under \$150K” *AQN Strategies*, June 1, 2020, <https://www.aqnstrategies.com/aqncentral/forgive-small-ppp>

effective cost of \$2,000-\$4,000 for each business that applies for forgiveness, requiring 20-100 hours of focused time from key leaders of these businesses. With an average loan size of less than \$19,000 for the smallest 60% of loans, this estimate would represent 10-20% of the loan amount itself, which is otherwise intended to support payroll, rent, and other obligations necessary to keep businesses alive and ready to restart. In addition, AQN's analysis suggests that the cost to businesses and lenders would be lower than the cost for the government to auto-forgive loans.

Small businesses and their employees are the backbone of our nation's economy and communities. Their time and resources would be better focused on getting the economy safely back up and running, not processing burdensome paperwork. We strongly support S. 4117 and look forward to working with you, the Committee, and the 116th Congress to pass this bill and have it signed into law. Thank you for your strong, common sense leadership on such a critical issue.

Sincerely,

American Bankers Association
Auto Care Association
American Land Title Association
Bank Policy Institute
Community Development Bankers Association
Consumer Bankers Association
Credit Union National Association
Electronic Transactions Association
Independent Community Bankers of America
International Franchise Association
MarketPlace Lending Association
National Association of Chemical Distributors
National Association of REALTORS®
National Association of Tax Professionals
National Association of Federally-Insured Credit Unions
National Bankers Association
National Retail Federation
Securities Industry and Financial Markets Association
Texas Bankers Association
Wine & Spirits Wholesalers Association