

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-2404

July 28, 2020

SENT VIA ELECTRONIC MAIL

The Honorable Nancy Pelosi  
Speaker of the House  
United States House of Representatives  
H-232, U.S. Capitol  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Minority Leader  
United States House of Representatives  
H-204, U.S. Capitol  
Washington, D.C. 20515

Dear Speaker Pelosi and Leader McCarthy:

The COVID-19 pandemic is still upon us and the great people of this country are suffering from the ramifications. There is an immediate necessity to prepare and enact new legislation to support those affected by this ravaging virus. As we begin the push to the light at the end of this tunnel, citizens need to be protected while also incentivized to return to normalcy. While there are many potential solutions, a few key priorities seem clear to support our constituents.

**Unemployment Benefits**

The unemployment benefits authorized by the CARES Act need adjustment. Under the current form, many individuals are making more money on unemployment with the \$600 federal weekly jobless benefit than they were in their previous occupation. As such, a change should be implemented in that someone cannot make more than their previous wage with combined unemployment and the federal supplemental. A simple approach is to reduce the federal supplemental payment. This approach will serve both as an incentive to return to work and to lower the cost of a next COVID-19 relief package. We must also be cognizant of the different methods states use to implement unemployment compensation. By merely reducing the supplemental payment, states will not have to set up new mechanisms to disburse COVID-19 related unemployment funds, saving time and resources in the near term.

Amid soaring unemployment claims, states are experiencing record strain on their unemployment insurance trust funds. We must keep in mind that prolonging unemployment benefits will have a correlated impact on state trust fund solvency. Additionally, the Department

of Labor should receive adequate resources to effectively curb waste, fraud, and abuse of claims, and quickly make whole those who have been victimized.

### **Business Liability Protection**

Businesses that take reasonable safeguards to protect customers and employees from COVID-19 should be provided protection from frivolous civil lawsuits. As more of America's economy is reopened, businesses must be allowed to serve their communities without fear of legal reprisal. This confidence will help restore the damage done to their bottom line and expedite nationwide economic recovery.

### **Paycheck Protection Program Considerations**

The Paycheck Protection Program (PPP) has provided much-needed funds to small businesses. The program has been an exemplary partnership between the Small Business Administration (SBA), community, and financial institutions. According to SBA data, 85 percent of total recipients were for applications under \$150,000, making up less than 26 percent of loan dollars. Forgiving these smaller loans with minimal documentation will eliminate time-consuming burdens for the SBA, small businesses, and financial institutions of all sizes, allowing all parties to focus on rebuilding our economy rather than mountains of paperwork.

Currently, the Internal Revenue Code requires that any bank that forgives a debt of at least \$600 during a calendar year must file an information return on Form 1099-C, Cancellation of Debt, with the Internal Revenue Service (IRS). Because of the uniqueness of the PPP, banks are having to enact new processes and systems to document PPP debt forgiveness and are concerned with their ability to detail this information by year-end.

Another concern related to the PPP, is the notice issued by the IRS in April of this year, Notice 2020-32, that significantly impacts borrowers and financial institutions. This notice dilutes the effectiveness of the program, requiring borrowers to include their loan forgiveness in their taxable gross income. Because of this noticeable change, financial institutions may be required to advise borrowers differently when considering PPP loans to aid their total liquidity needs. This program was included in the CARES Act in order to allow businesses to fund wages and other qualified expenses, allowing these businesses to survive this economic crisis and for their employees to remain employed, but this recent notice released by the IRS limits the effectiveness of the PPP.

### **Coronavirus Relief Fund Deadline**

The December 30, 2020, deadline for using Coronavirus Relief Funds (CRF) authorized by the CARES Act is fast approaching. These funds were established to offer direct assistance to states, cities, counties, tribal governments, and U.S. territories in responding to the COVID-19 pandemic. The deadline previously set is untenable for the recent increase in cases across many states, including my own.

### **State Revenue Loss**

COVID-19 triggered severe revenue loss for states and localities due to the economic shutdowns. Allowing CRF and future funds to be used to relieve some losses can significantly assist state and local budgets, keeping intact workforce and economic development projects. There is a lot of unknown, forthcoming economic damage that will result in long-term problems for the financial state of local governments. The large swing in revenue loss will have significant impacts on these states' ability to return to pre-COVID-19 economic success. By amending the limited scope of CRF funds and in consideration of modest relief, states and localities can bolster their economic and fiscal situation.

### **Broadband Accessibility**

As schools and businesses grapple with return to normalcy policies, I believe broadband access will continue to be a bedrock of educational access and workflow. Moving forward, schools, businesses, and the gig workforce will be more reliant than ever on technology. To meet this new reality, states need more flexibility in providing access to high-speed internet. Technical language should be written in a potential next round of COVID-19 relief that clarifies the allowability of CRF funds for broadband purposes. Particular emphasis should be given to those states leveraging a non-federal or state match in broadband investments and prioritize rural and low-income census tracts that currently lack access to broadband connectivity.

### **Restaurant Protections**

The restaurant industry is on the edge of collapse. State-wide stay-at-home orders, limited interactions, and public fear of contracting COVID-19 have left restaurants empty or under-occupied for months. These businesses are often owned by individuals who support their community with refreshments and signature foods. As a type of lifeblood to the people, restaurants have been a community meeting place for entertainment, stress relief, and business. The RESTAURANTS Act (H.R. 7197) seeks to relieve this problem facing large and small communities. By establishing a Restaurant Revitalization Fund, grants can be made available to eligible food and beverage purveyors. There is bicameral and bipartisan support for this type of legislation. Including the tenets of this legislation will support those restaurants that were left behind in the original emergency grants for small businesses and are still suffering the consequences of the COVID-19 pandemic.

### **Natural Disaster Loan Restructuring**

Many communities like mine have faced major disasters in the past 20 years and many small business owners continue to carry loans from SBA from those natural disasters. COVID-19 has created an additional burden for many of those who have been forced to take out Economic Injury Disaster Loans. Congress must take additional steps to ensure that these businesses in their communities do not close, further hampering an already slow economic recovery. I believe the best way to handle this specific issue in the short term is the creation of an SBA loan refinancing option. My understanding is that currently no options exist for the refinancing of SBA loans, however, many businesses face uphill climbs when they reopen and attempt to pay

multiple loans, even with low interest rates. Congress must create a system with a loan rate capable of covering the costs of the loan, without additional interest for qualified borrowers. Consolidating multiple loans into an affordable low rate, long term loan, will enable many who have already faced serious setbacks to enter this fall with solid financial footing and certainty for the future of their businesses.

### **Rapid Testing and Telemedicine**

Rapid testing and telemedicine are continued areas that require investment. The two are closely tied to the resurgence of our economy. For businesses and schools to return to normalcy, rapid testing must be readily available with results in hours rather than days. Likewise, telemedicine needs to continue to receive investments so that patients with non-COVID related illnesses can receive healthcare without further straining our fragile healthcare system. COVID-19 has been particularly cruel to older adults. 80 percent of deaths in the U.S. are people over age 60. The disease can ravage long term care facilities, skilled facilities, and nursing homes. Vulnerable populations need more access to care while containing the spread and the disease's destructiveness. More investment needs to be made for existing and potentially new telehealth programs that facilitate telemedicine for long term care, nursing homes, and acute care medical facilities.

To conclude, I ask that Congress address these solutions to the problems we currently face. This pandemic is not going away without support from the federal government in the form of leadership and economic relief. I look forward to working with you on these crucial issues we face in unprecedented times. Please contact me for further collaboration on these points as we begin to design another phase of COVID-19 relief for our country.

Sincerely,



Steven Palazzo  
Member of Congress