

Thursday, July 30, 2020

To: New York Community Banks

IBANYS and a number of New York community banks participated in a conference call with Congressman Tom Reed (R-23rd C.D.) and his senior aide for an update on the status of the next coronavirus relief and recovery legislative package, and to hear feedback from the banks. (Rep. Reed is a member of the House Ways & Means Committee, and co-chair of the bipartisan congressional "problem solvers" caucus.)

Rep. Reed and his aide noted that while there are still many moving parts in the negotiations, they believe that:

- Negotiations in the Senate are progressing, and he anticipates the Senate may be able to conclude its package and send to the House by the middle of next week. There is an urgency, as the \$600 monthly unemployment bump-up expires July 31 (the new proposal may be capped 70%-to-80% of lost wages. Schools are due to reopen in a number of states, and aid for those is also a leverage point. Lastly, the Senate is also due to conclude its business by next week -- essentially, for the year -- so that is also pushing it forward.
- The PPP will be continued and re-upped, adding funds to the remaining \$130 billion to bring it up to about \$200 billion. The package may narrow access to the PPP, focusing more on providing help to "Main Street small businesses"...and could include more easily met thresholds and an eased approach to loan-to-grant status.
- Most PPP terms will likely remain unchanged. Rep. Reed and staff noted terms will likely include: businesses must have 300 or fewer employees, and show a 50% loss in revenue; maximum loans will be capped at 2.5 times monthly payroll; loans will be capped at \$2 million.
- Companies that received loans in previous rounds are eligible to receive loans in the next round.
- IRS treatment of expenses covered by PPP is not currently in the Senate package, but there is wide expectation that it will be addressed either in the final version or in stand-alone legislation.
- In addition, the Employment Tax Retention Program will now be able to be used at the same time as PPP -- there will no longer be a need to choose one or the other. Advancable credits to employers will likely be increased per employee.
- Rep. Reed noted there is a focus on "reprogramming" some of the existing funding -- changing how the respective buckets will be used -- in order to be more efficient and effective.
- Congressman Reed believes the next package will be for between \$1.5 - to \$2 trillion, and he said a priority is to include aid to state and local governments -- especially direct aid to local governments.
- He said the amount of the next round of stimulus checks may (and in his view, should) be increased.
- There does not appear to be any direct relief dealing with mortgage forbearance stoppages, or ending moratoriums rental evictions. There is some discussion, but this issue is a difficult political issue for many, including some who "would surprise" people.

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**IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.**

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