

Wednesday, July 15, 2020

To: New York Community Banks

FROM ICBA

Stimulus Grassroots Needed Ahead Of Senate Debate

With the Senate set to [begin debating](#) the next economic stimulus package next week, ICBA is calling on community bankers to use its [Be Heard grassroots action center](#) to weigh in with recommendations. ICBA's custom message encourages lawmakers to advance a more straightforward approach to Paycheck Protection Program loan forgiveness as well as capital, accounting, and tax relief. Treasury Secretary Steven Mnuchin and SBA Administrator Jovita Carranza are scheduled to testify before the House Small Business Committee [this Friday](#) on the federal pandemic response. ICBA last week released [talking points](#) and a [sample letter](#) to borrowers about the agencies' release of information about individual PPP loans. ICBA also offers a sample press release and op-ed on PPP efforts on its [Tell Your Story toolkit](#).

ICBA has drafted a letter to be sent to Senate Majority Leader McConnell, Senate Minority Leader Schumer, Speaker Pelosi, and House Minority Leader McCarthy on behalf of community banks later this week **urging Congress to include ICBA's recommendations in the next legislative package to create relief for American small businesses impacted by COVID-19 and the millions of people they employ. IBANYS will be co-signing the letter.** These recommendations were developed in consultation with community bankers from across the country representing rural, suburban, and urban markets.

The recommendations include:

- Simplified Forms and Procedures for Paycheck Protection Program Loan Forgiveness (strong support for S. 4117),
- SBA Purchase of Residual PPP Loans at Par,
- Preserving Expense Deduction for PPP Borrowers,
- Enacting Bank Capital and Accounting Relief measures,
- Liability Protection for businesses from COVID-19 related lawsuits,
- Support Agricultural Lending,
- Expanding Employee Retention Tax Credit,
- Industrial Loan Company Moratorium,
- Mortgage Lending
- Support for Local Regions,
- Financial Assistance to the Farm Sector, and
- Enhancing USDA Guaranteed Lending Programs.

Review Process For AML Deficiencies Paused

The Financial Crimes Enforcement Network [issued an advisory](#) on the Financial Action Task Force's reissued list of jurisdictions with strategic deficiencies in countering money laundering, terrorist financing, and proliferation financing. Responding to measures countries have adopted to contain COVID-19, such as confinement and travel restrictions, the FATF temporarily paused its review process for most countries with strategic deficiencies.

FROM THE WHITE HOUSE

PPP Program Overview

- State-by-State Data can be found [here](#).
- [Top-line Overview of PPP](#)
- [SBA Paycheck Protection Program Loan Report](#)
- [SBA Paycheck Protection Program Loan Report Round 2](#) – Updated 7/10
- [Summary of Paycheck Protection Program Round 2 Data](#) – Updated 7/12

- [Updated Paycheck Protection Program Lender Processing Fee Payment and 1502 Reporting Process](#) – Updated 7/13

FROM OTHER SOURCES

- The Trump administration issued instructions to hospitals to bypass the Centers for Disease Control and Prevention and send all coronavirus patient information to a central Department of Health and Human Services database. The database is not open to the public, concerning public health experts. ([The New York Times](#))
- Retired Gen. Joseph Dunford, former chairman of the joint chiefs of staff, has reportedly withdrawn from consideration to lead a congressional commission tasked with overseeing the Trump administration's implementation of a \$500 billion coronavirus relief fund. The move leaves the five-member commission without a leader four months after President Donald Trump signed into law the \$2 trillion CARES Act, which established the commission.

https://www.politico.com/news/2020/07/14/joseph-dunford-withdraws-coronavirus-commission-361077?mkt_tok=eyJpIjoiTXpCbVpqYzNaRGRsTkdZeSIsInQiOiJGMEJtZmVYRmhhR1dkWUtKV0FuY08zSmgyKzVFMIBPZ0VtOGkzQ3NLcUpvcEhZbUpNZ1B6bIRXMVNIRnY2TWtyVG5PTTdOVFFqYThVRUNoN3dpQWxIXC9cL3dcL0lnSjc3NXgyK3JMWXJDN3JUR210d2Q5YzdqZzByVGd4d3N3aXowVSJ9

- **A review of data on \$517 billion in emergency small-business loans found numerous errors** that cast doubt on the Trump administration's jobs claims and obscure the real economic impact of the Paycheck Protection Program (PPP) program, according to a Washington Post analysis and interviews with bankers and borrowers.

https://www.washingtonpost.com/business/2020/07/14/ppp-job-claims-sba/?hpid=hp_hp-top-table-high_pppjobs-506pm%3Ahomepage%2Fstory-ans&mkt_tok=eyJpIjoiTWpaaE56TmtaamRtTXpBmIsInQiOiIrdDY4V0lSdlRjcmRaSmRreDRFRjhMa2Z2b0o0REpcLzVaauUyNWVJK0JrNXIFZHE4OWsrQ29NbFFoYml3ZjF2N3dSZG1xWUVVYSUxrU0ptTGvXaGprbUptOGhLOU9pVVdxcmlVUTdjRGtjV0dBWtNkOHJhT1dlZm5lYlhxTzdJaGYifQ%3D%3D

- **An analysis of Paycheck Protection Program data found several instances of large businesses that received money through the program by counting each of their limited liability companies or other entities separately.** Vibra Healthcare, a chain of hospitals and therapy centers, for example, received as much as \$97 million from the program using 26 LLCs, although the largest loan through the program was meant to be \$10 million. ([ProPublica](#))
- **Federal Reserve Governor Lael Brainard** said difficulty suppressing the new coronavirus will pose substantial risks for the U.S. economy, including a possible double dip in economic activity, and warned that **the nation faces a long, slow recovery** even if those hazards are avoided. She cautioned, that it is **important for policy makers to recognize that the economy "will face headwinds for some time."**
- **The U.S. economy is headed for a tumultuous autumn**, with the threat of closed schools, renewed government lockdowns, empty stadiums and an uncertain amount of federal support for businesses and unemployed workers all clouding hopes for a rapid rebound from recession. For months, the prevailing wisdom among investors, Trump administration officials and many economic forecasters was that after plunging into recession this spring, the country's recovery would accelerate in late summer and take off in the fall as the virus receded, restrictions on commerce loosened, and consumers reverted to more normal spending patterns.

https://www.nytimes.com/2020/07/15/business/economy/economic-recovery-coronavirus-resurgence.html?mkt_tok=eyJpIjoiTWpaaE56TmtaamRtTXpBmIsInQiOiIrdDY4V0lSdlRjcmRa

[SmRreDRFRjhMa2Z2b0o0REpcLzVaanUyNWVJK0JrNXIFZHE4OWsrQ29NbFFoYml3ZjF2N3dSZG1xWUVYSUxrU0ptTGVXaGprbUptOGhLOU9pVVdxcmlVUTdjRGtjV0dBWTNkOHJhT1dIZm5IYlhxTzdJaGYifQ%3D%3D.](#)

- **Federal Reserve Bank of St. Louis President James Bullard** said that as the economy adapts to the coronavirus pandemic, **a solid recovery and a substantial decline in what is now a very high unemployment rate are both possible.** He noted: "The macroeconomic news for May and June, reported with a lag, seems to suggest that April will prove to be the lowest point of the crisis."
- **Dallas Federal Reserve President Robert Kaplan** said the **U.S. economic growth will accelerate next year as the country rebounds from the coronavirus crisis. "In '21, we will see an above-trend growth,** and we will continue to grind down the unemployment rate."
- Speaker Pelosi would "absolutely" be willing to forgo the House's August recess to reach a deal for another relief package to help the country battle the health and economic crises caused by the coronavirus.

FROM NEW YORK

- Senate Minority Leader **Schumer called for undoing the cap on the state and local tax (SALT) deduction in the next coronavirus relief package.** Democrats and Republicans are expected to start negotiations on another relief bill in the near future.
- **State Comptroller DiNapoli said property tax increases will be limited to a 1.56% increase for local governments in New York amid a pandemic-induced cash crunch.** The cap limits property tax levy increases to 2% or the rate of inflation, whichever is lower. There are narrow exemptions for some growth and local governments can override it. Local governments are facing limited revenue options as the pandemic has ground the economy to a virtual halt for much of the year so far, freezing sales tax revenue and potentially slashing state aid by up to 20%.
- **Today, July 15, is tax day -- a late one this year.** The state and federal government pushed back the deadline for filing personal income taxes due to the coronavirus pandemic, meaning it's going to be April in July this year. The state is still offering (and encouraging) people to file their taxes online. The deadline is also significant as it will give state finance officials a better idea of how much revenue is available after the pandemic threw much of these calculations out of whack.
- Starting Thursday, **renters who have been impacted by the coronavirus pandemic can apply for rental assistance** from \$100 million in federal funds, set aside by the state, in the form of a one-time rental subsidy paid directly to landlords, [the Times Union reports.](#)
- "It's not fair" that in New York, the state hit hardest by COVID-19, only 66% of small businesses have been able to access the federal Paycheck Protection Program while 76% of small businesses in Arkansas and 96% in Mississippi received loans, [the Daily News writes.](#)
- Nearly half the country is now covered by New York's quarantine order after Gov. Andrew Cuomo [added four more states](#) to the list of locales whose travelers are required to lock down for 14 days upon arrival.

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

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