

Wednesday, August 5, 2020

To: New York Community Banks

From ICBA

SBA Issues Loan-Forgiveness FAQs

The Small Business Administration released [frequently asked questions](#) on Paycheck Protection Program loan forgiveness. The FAQs address loan-forgiveness applications, payroll and nonpayroll costs, owner-employee compensation, reductions in the forgiveness amount, and more, including new guidance on issues such as covered utility payments and eligible electricity supply charges. The SBA [recently said](#) its new platform for submitting PPP loan-forgiveness applications and decisions to the agency will go live this Monday, Aug. 10. Additional guidance and resources are available on [Treasury's PPP webpage](#) and ICBA's [COVID-19 resource center](#). Meanwhile, ICBA continues calling on community bankers to use its [Be Heard grassroots action center](#) to urge Congress to advance PPP reforms as well as capital, accounting, and tax relief.

READ THE FAQs

ICBA Urges Congress To Correct PPP Tax Treatment

ICBA and other groups encouraged Congress to include a technical correction addressing the tax treatment of loan forgiveness under the Paycheck Protection Program in the next stimulus package. In a [letter](#) to congressional leaders, ICBA noted that Congress made clear that PPP loan forgiveness would be excluded from the borrower's taxable income. However, ICBA wrote, IRS Notice 2020-32 effectively overturned this policy by denying borrowers the ability to deduct the same expenses that qualified them for the loan forgiveness. This effectively makes the loan forgiveness fully taxable, resulting in a hardship for borrowers. With Congress debating the next stimulus package, ICBA continues calling on community bankers to use its [Be Heard grassroots action center](#) to urge lawmakers to advance PPP reforms as well as capital, accounting, and tax relief.

ICBA To Congress: Don't Suppress Credit Reporting

ICBA and other groups [asked](#) the Senate Banking Committee to exclude from the next stimulus package any provisions that would suppress credit reporting. Suppressing the reporting of any negative credit information would severely undermine the ability of lenders to properly assess borrowers' creditworthiness and lead to a contraction of credit, the groups said.

From Other Sources

- Senate Majority Leader McConnell signaled a willingness to revisit his opposition to extending weekly \$600 unemployment insurance benefits if it's included as part of a compromise between the White House and congressional Democrats, potentially working toward a deal on a new coronavirus aid package before Friday's deadline. Democrats acknowledged progress in the talks following a meeting with Treasury Secretary Mnuchin and White House chief of staff Meadows, with Senate Minority Leader Schumer noting that the parties are "still far away on a lot of the important issues, but we're continuing to go at it." ([The New York Times](#))
- Nearly a third of the laid off workers who were able to go back to their previous jobs have been laid off again, according to a Cornell survey released Tuesday. [Survey finds nearly one-third of rehired workers laid off again](#)

- "The RESTART Act" was proposed back in May by Sens. Young (R-Ind.) and Bennet (D-Colo.) as a broader alternative to the Paycheck Protection Program, which at the time they said was insufficient for the needs of the small and mid-sized businesses hit hardest by the coronavirus pandemic. The proposal would create a new longer term program of federally guaranteed low rate loans—some of them forgivable— with terms of up to seven years for businesses with up to 5,000 employees. [A New Small Business Relief Proposal-Even Bigger Than The PPP-Could Be Part Of The Next Stimulus Bill](#)
- As part of the GOP's HEALS Act proposal for the next tranche of small business aid, Sen. Marco Rubio (R-Fla.) introduced a [separate bill](#) that would also make the PPP loan forgiveness process easier for small businesses that originally received less than \$150,000. It would also create a separate \$60 billion long term working capital loan program for businesses most affected by the pandemic.
- Republican lawmakers, alarmed at the prospect of a nationwide wave of evictions as the coronavirus batters the U.S. three months before the election, are starting to back the move to provide rental assistance to tenants. [GOP lawmakers embrace tenant protection as mass evictions loom](#)

From New York

- Minority- and women-owned businesses [have been especially hard-hit](#) by the coronavirus pandemic. In fact, Black business ownership in New York fell by 70% from February to June, according to a report from the Federal Reserve Bank of New York.
- As many as 400,000 families across New York City could end up in housing court as the coronavirus takes a toll on people's health and finances and as the state's eviction moratorium partially expires this week, [the Post reports](#).
- Travelers from Rhode Island [have been added to the list](#) of those who must quarantine while staying in New York, New Jersey and Connecticut as some Northeast states begin to see signs of rising infections. There are 34 states and Puerto Rico on the travel advisory, which requires visitors from those areas to isolate themselves for 14 days in an attempt to prevent another surge of COVID-19 in New York, New Jersey and Connecticut.

#

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

- **John J. Witkowski, President & CEO (Johnw@ibanys.net; 716.880.0518)**
- **Stephen W. Rice, Director, Communications & Government Relations (Stever@ibanys.net)**