

Wednesday, September 9, 2020

To: New York Community Banks

As Congress gets back to work this week, we can only hope their focus remains firmly on small businesses and their employees whose fates hang in the balance of the ongoing COVID-19 pandemic. The overly complicated process that the SBA has outlined for PPP forgiveness has many small businesses wondering what to do next. Members of both political parties have expressed support for simplifying PPP forgiveness for loans under \$150,000 so borrowers can focus on the survival of their businesses.

The Independent Bankers Association of New York State (IBANYS) stands united with the Independent Community Bankers of America and community banking associations across the country in calling for the Congress to take swift, meaningful and bi-partisan action to get small businesses back to work without the cloud of PPP forgiveness hanging over them.

-- John

FROM ICBA

State Assistance Program Requires Separate Accounts

The new Lost Wage Assistance program that state unemployment agencies are administering requires states to use separate bank accounts from what they use for unemployment insurance and Pandemic Unemployment Assistance benefits. Because of this, banks have begun to receive large deposits from state agencies that have different ACH header information than what banks are accustomed to seeing. Washington State's [letter to financial institutions](#) explains the situation. Ten states—Arizona, Iowa, Idaho, Louisiana, Massachusetts, Missouri, Montana, North Carolina, Tennessee, and Texas—have begun paying LWA benefits. All states are paying retroactively, meaning deposits will be larger than usual.

Senate Stimulus Package Includes ICBA Priorities

Senate Republicans introduced a scaled-back coronavirus relief package that includes ICBA-advocated provisions contained in previous drafts.

The \$500 billion "skinny" package, which Senate Majority Leader Mitch McConnell (R-Ky.) said would be brought to a vote as soon as this week, includes provisions forgiving Paycheck Protection Program loans under \$150,000, providing a lender safe harbor, expanding forgivable expenses, and more. The House isn't expected to take up the legislation. ICBA continues working with policymakers on the next stimulus package as Congress and the Trump administration work to resume negotiations.

FROM OTHER SOURCES

- The new Senate GOP economic stimulus package would cut \$200 billion in Federal Reserve crisis funding, which would limit the central bank's ability to create new lending programs or expand its existing ones, as Senate Republicans and the Trump administration look to reduce the legislations' price tag. The Republican proposal includes reducing \$600 weekly unemployment benefits to \$300 per week and does not include a new round of direct stimulus payments. House Speaker Nancy Pelosi said the proposal does not meet Democrats' demands and is "headed nowhere." ([Financial Times](#))
- U.S. Senate Majority Leader Mitch McConnell said the Senate would vote on the trimmed-down Republican coronavirus relief package, though it has a slim chance of passage in the face of Democrats' insistence for more sweeping aid, [the Associated Press reports](#). Senate Majority Leader McConnell is still working to lock down GOP support for the targeted package. The measure carries a price tag of around \$500 billion, includes \$300 per week in extra unemployment insurance, liability protections for employers that reopen during the pandemic, and a two-year tax credit for school choice, among other things. <https://politi.co/2Zg56h2>.
- Small businesses have largely exhausted their federal funding and are starting to lay off workers, with many worried about having to close for good, Axios Markets Editor Dion Rabouin [reports](#) exclusively

