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Congress of the United States
House of Representatives
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COMMISSION ON SECURITY AND COOPERATION
IN EUROPE (U.S. HELSINKI COMMISSION)

August 5, 2020

The Honorable Nancy Pelosi
Speaker of the House of Representatives
U.S. House of Representatives
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Steny Hoyer
Majority Leader
U.S. House of Representatives
H-107, U.S. Capitol
Washington, DC 20515

The Honorable James E. Clyburn
Majority Whip
U.S. House of Representatives
H-329, U.S. Capitol
Washington, DC 20515

Dear Speaker Pelosi, Majority Leader Hoyer, and Majority Whip Clyburn,

Thank you for your leadership as you negotiate the next coronavirus relief package. I'm writing to follow-up on some concerns I raised last week regarding the Small Business Administration's (SBA) administration of the Paycheck Protection Program (PPP) and the lack of access minority-owned businesses have had to the loan program. I also want to express concern regarding corporate tax breaks and support for the inclusion of the RESTAURANTS and RESTART Act in any upcoming coronavirus relief package.

1. Transparency in PPP

- I remain extremely concerned about the lack of transparency that the SBA has displayed in disbursing PPP loans. For instance, the SBA did not release details of the PPP loan recipients until July 6, 2020, and this list only included the names of companies and nonprofits who received loans of more than \$150,000. This only accounts for 14% of total PPP loans. Additionally, rather than identifying specific loan amounts, the data is bracketed in buckets ranging from \$150,000 to \$350,000; \$350,000 to \$1 million; \$1 million to \$2 million; \$2 million to \$5 million; and \$5 million to \$10 million. This information is grossly inadequate, and only provides us a partial picture of who received PPP loans.
- This recent disclosure of applications has already shown that there are huge disparities between white and minority-owned businesses, in addition to favor being shown to larger, more established businesses. Law firms, hedge funds, and many companies in the financial industry received funding, even though their business remained open. We must demand greater accountability from the SBA and establish stricter disclosure requirements to ensure that additional aid is being disbursed as it was intended.

2. PPP Loan Forgiveness

- Last month, it was reported that Treasury Secretary Mnuchin suggested that Congress consider automatic forgiveness for borrowers with loans under \$150,000. According to SBA data, this would mean that 86% of all PPP loans would be automatically forgiven.
- It is unconscionable that Congress would allow the SBA to automatically forgive PPP loans without any proof to show that government funds were used for their intended purpose. Taxpayer dollars were used to issue PPP loans, which were specifically intended to help businesses keep their workforce employed during the COVID-19 crisis. It is perfectly reasonable to expect businesses to show how the money was used, which will also reduce fraud in the program.
- Additionally, since data has not been made publicly available on the businesses that received loans of \$150,000 or less, it is especially important to ensure that certain accountability measures are in place.
- A lack of accountability and transparency in the PPP loan forgiveness process is essentially allowing certain businesses to steal from the American people.

3. Corporate Tax Breaks

- Unfortunately, and as I have raised previously, one of the provisions in the CARES Act delivered an average of \$1.6 million to just 43,000 taxpayers earning more than a million dollars in annual income, particularly to real estate developers and hedge fund owners. Meanwhile, most average Americans only received a one-time \$1,200 stimulus check.

- Despite such generous handouts, large corporations are seeking additional tax breaks. While Republicans continue to reject expanding refundable tax credits for working families like the Earned Income Tax Credit and Child Tax Credit, they stand ready to award refundable tax credits to large corporations.
- Whether in the form of tax breaks, loans, or other federal support, any assistance to corporations must include adequate guardrails to ensure workers benefit instead of executives and shareholders. More importantly, though, our focus should be on advancing more efficient relief measures that put assistance directly into the hands of the families that need it most. It is imperative that we reject corporate tax breaks that would widen the income gap and reward wealthy shareholders instead of workers. We need additional relief for both individuals and families struggling to make their mortgage, rent and utility payments and increased funding for small businesses trying to keep their staff on payroll.

4. RESTAURANT and RESTART Act

- As a proud cosponsor of both H.R. 7197, the Real Economic Support That Acknowledges Unique Restaurant Assistance Needed To Survive (RESTAURANTS) Act, and H.R. 7481, the Reviving the Economy Sustainably Towards A Recovery in Twenty-twenty (RESTART) Act, I respectfully request inclusion of both pieces of legislation in the next coronavirus relief package.
- The RESTAURANTS Act would provide much-needed assistance to the restaurant industry by establishing a \$120 billion restaurant revitalization fund at the Department of Treasury. This fund would be available to independent restaurants through the end of 2020 and is able to be used for everything from payroll and benefits to food, utilities, and rent.
- The RESTART Act would provide critical long-term support to employers across a range of industries and geographies by filling a clear need for aid that goes beyond what the PPP or SBA's 7(a) program will be able to provide. The bill creates a new loan program that would provide funding to cover six months of payroll, benefits, and fixed operating expenses for businesses that have taken a substantial hit to their gross receipts during the COVID-19 pandemic.
- The RESTAURANTS Act would provide critical assistance to an industry that has been uniquely devastated by the COVID-19 pandemic with employment down by 3.1 million people since February. The RESTART Act would provide small and medium-sized businesses with liquidity to get their businesses up and running again, and ensure that they receive loan forgiveness to help fill in the gap caused by gross receipt declines. These are both common-sense measures with broad support in the House of Representatives and U.S. Senate that should be included in any future relief package.

During these uncertain times, I appreciate your leadership, and I am grateful to work alongside you in the House of Representatives. If you have any questions or need additional information, please feel free to contact Alex Schnelle at alex.schnelle@mail.house.gov.

As always, I remain,

Sincerely,

A handwritten signature in blue ink that reads "Steve Cohen". The signature is written in a cursive, flowing style.

Steve Cohen,
Member of Congress