

Congress of the United States
House of Representatives
Washington, DC 20515-4321

April 21, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

The Honorable Jovita Carranza
Administrator
Small Business Administration
409 3rd Street, S.W.
Washington, D.C. 20416

Dear Secretary Mnuchin and Administrator Carranza:

Thank you for your efforts to preserve our economy in this time of unprecedented national crisis. The response that you have coordinated will undoubtedly save the jobs and livelihoods of countless Americans. The Paycheck Protection Program is the cornerstone of that effort with regard to small business. However, existing rules and unclear guidance risk leaving many of those businesses on the outside looking in.

I write to ask that you quickly issue further guidance that ensures small businesses with equity investors will not be excluded from the Paycheck Protection Program (PPP). Application of the current "affiliation rules" to the PPP will continue to exclude many of these businesses from access to the program's capital, including start-ups, which have been some of the hardest hit by the near total shutdown of the economy by state and local governments.

This result would run contrary to the intent of Congress in passing the CARES Act: preserving American jobs by injecting capital into small businesses broadly and without arbitrary exclusions. But under the affiliation rules currently being applied to PPP, many deserving companies are forced to aggregate the employees of unrelated companies in which a single investor is affiliated. Doing so pushes the aggregate number above the PPP's employee threshold, resulting in the disqualification of each of the individual businesses.

That is not what Congress intended. I strongly encourage you to further refine the affiliation rules so that high-growth startups with equity investors can access PPP at this critical time. SBA and Treasury should expeditiously issue appropriate guidance that ensures the affiliation rules for the PPP do not exclude small businesses that would otherwise qualify. Applying existing rules will needlessly put jobs at risk.

Thank you for your attention to this matter.

Sincerely,

CHIP ROY
Member of Congress