June 16, 2020

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

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

Dear Secretary Mnuchin and Administrator Carranza:

On behalf of the National Restaurant Association and our 52 state restaurant association partners, we appreciate the Administration’s commitment to implement and improve the Paycheck Protection Program (PPP). The PPP is an important step in the recovery process for restaurants, but loan forgiveness remains a fundamental test for PPP. We urge the Department of the Treasury and the Small Business Administration (SBA) to issue clear, streamlined guidance for small businesses and revise the loan forgiveness application so that it is a simple, one-page certification for any loan under $350,000.

As restaurants prepare loan forgiveness applications, they are navigating devastating economic conditions that impede a small business from retaining outside tax, legal, or accounting experts; struggling to comply with evolving federal regulations1; and awaiting much-anticipated loan forgiveness guidance from the “Paycheck Protection Program Flexibility Act of 2020” (PPPFA). The SBA and Treasury Department must consider:

1) **Streamlining the certification process will help restaurants avoid additional debt due to outside consulting expenses.** Restaurants have lost $120 billion in sales from March – May 2020, with 75 percent of operators saying it is unlikely their restaurant will be profitable within the next six months.2 Even in positive economic climates without state-ordered capacity restrictions, most restaurants survive on single-digit profit margins without dedicated accounting or legal resources. In order to avoid significant PPP loan debt, many restaurants are considering hiring additional financial and legal consulting at a time when small businesses cannot afford it. Simplifying the loan forgiveness process and application is an essential step to make PPP work for restaurants.

2) **Small business relief is needed due to regulatory uncertainty.** Since April, the Administration has “issued 18 ‘interim final rules’ and 48 pieces of guidance in the form of ‘frequently asked questions’ for PPP,” per the Wall Street Journal. As a bipartisan group of 44 U.S. Senators noted on June 12, the loan forgiveness application is “three times longer than the original application for the PPP.”3 This is an extremely complex process, but a one-page certification for the smallest loans is an opportunity to aid small businesses and meet the intent of PPP.

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3) **New loan forgiveness guidance reflecting the PPPFA has not been released, even though many restaurants have either finished or are winding down their PPP funds.** On June 5, President Trump signed the PPPFA into law with significant improvements to the loan forgiveness process. We appreciate both of you acknowledging the coming updates during the hearing before the Senate Small Business and Entrepreneurship Committee on June 10. Restaurants are eager to review these updates, but it will be a major challenge for smaller restaurants to anticipate and process a new application.

During this unprecedented economic disruption and unprecedented federal economic relief effort, restaurants are striving for solutions to maintain payrolls, keep operations running, and serve the communities they love. On behalf of the National Restaurant Association and our 52 state restaurant association partners, we thank you for your consideration of this urgent recommendation to help restaurants and all small businesses.

Sincerely,

National Restaurant Association

Alabama Restaurant & Hospitality Association
Alabama Restaurant, Hotel, Restaurant & Retailers Association
Arizona Restaurant Association
Arkansas Hospitality Association
California Restaurant Association
Colorado Restaurant Association
Connecticut Restaurant Association
Restaurant Association of Metropolitan Washington
Delaware Restaurant Association
Florida Restaurant & Lodging Association
Georgia Restaurant Association
Hawaii Restaurant Association
Idaho Lodging & Restaurant Association
Illinois Restaurant Association
Indiana Restaurant & Lodging Association
Iowa Restaurant Association
Kansas Restaurant & Hospitality Association
Kentucky Restaurant Association
Louisiana Restaurant Association
Hospitality Maine
Restaurant Association of Maryland
Massachusetts Restaurant Association
Michigan Restaurant & Lodging Association
Minnesota Restaurant Association
Mississippi Hospitality & Restaurant Association
Missouri Restaurant Association
Montana Retail Association
Nebraska Restaurant Association
Nevada Restaurant Association
New Hampshire Lodging & Restaurant Association
New Jersey Restaurant & Hospitality Association
New Mexico Restaurant Association
New York State Restaurant Association
North Carolina Restaurant & Lodging Association
North Dakota Hospitality Association
Ohio Restaurant Association
Oklahoma Restaurant Association
Oregon Restaurant & Lodging Association
Pennsylvania Restaurant & Lodging Association
Puerto Rico Restaurant Association
Rhode Island Hospitality Association
South Carolina Restaurant & Lodging Association
South Dakota Retailers Association
Hospitality Tennessee
Texas Restaurant Association
Utah Restaurant Association
Vermont Chamber of Commerce
Virginia Restaurant, Lodging & Travel Association

CC:  The Honorable Mitch McConnell
     The Honorable Chuck Schumer
     The Honorable Nancy Pelosi
     The Honorable Kevin McCarthy
     The Honorable Marco Rubio
     The Honorable Ben Cardin
     The Honorable Nydia Velázquez
     The Honorable Steve Chabot
     The Honorable Mike Crapo
     The Honorable Sherrod Brown
     The Honorable Maxine Waters
     The Honorable Patrick McHenry

Washington Hospitality Association
West Virginia Hospitality & Travel Association
Wisconsin Restaurant Association
Wyoming Restaurant Association