

December 11, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Charles E. Schumer
Democratic Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Majority Leader McConnell, Democratic Leader Schumer, Speaker Pelosi, and Republican Leader McCarthy:

On behalf of ICBA, the undersigned 44 state banking associations, and the thousands of community banks we represent in Washington, D.C. and state capitals across the nation, we urge Congress to immediately fix a problem with the Paycheck Protection Program (PPP) that has reduced the value of loan forgiveness that many small business PPP borrowers are counting on to meet payroll and other critical expenses. This fix should be included in any year-end or “must pass” legislation. The PPP has been a lifeline for millions of American small businesses, but the program will fall short of its potential without a fix that will allow borrowers that also received Economic Injury Disaster Loan Advances (EIDL Advances) from the Small Business Administration (SBA) to obtain full forgiveness.

EIDL Advances were provided by the SBA to nearly one million small businesses as emergency grants to help them survive a sudden and unexpected revenue shock. Many of these businesses also applied for PPP loans. However, they were surprised and disturbed to learn that PPP forgiveness is reduced by the amount of an EIDL Advance. This requirement effectively transforms a significant portion of the grant into a loan or cancels PPP loan forgiveness altogether. Borrowers were caught off guard by this requirement. Applicants for EIDL Advances were repeatedly told that advances do not have to be repaid and were not informed of the interaction between the EIDL Advance and a PPP loan. The EIDL Advance debt trap could not come at a worse time for affected small businesses.

The EIDL fix has been introduced in stand-alone bipartisan bills in the House and Senate and has

been included in broad pandemic relief packages. Again, we urge its inclusion in any year-end, “must-pass” legislation.

Thank you for your consideration.

Sincerely,

Independent Community Bankers of America	Alabama Bankers Association
Arkansas Community Bankers	Arizona Bankers Association
California Community Banking Network	Connecticut Bankers Association
Independent Bankers of Colorado	Florida Bankers Association
Community Bankers Association of Georgia	Community Bankers of Iowa
Idaho Bankers Association	Community Bankers Association of Illinois
Indiana Bankers Association	Community Bankers Association of Kansas
Bluegrass Community Bankers Association	Louisiana Bankers Association
Massachusetts Bankers Association, Inc.	Maryland Bankers Association
Maine Bankers Association	Community Bankers of Michigan
Independent Community Bankers of Minnesota	Missouri Independent Bankers Association
Mississippi Bankers Association	Montana Independent Bankers
North Carolina Bankers Association	Independent Community Banks of North Dakota
Nebraska Independent Community Bankers	New Hampshire Bankers Association
New Jersey Bankers Association	Independent Community Bankers Association of New Mexico
Independent Bankers Association of New York State	Community Bankers Association of Ohio
Community Bankers Association of Oklahoma	Oregon Bankers Association
Pennsylvania Association of Community Bankers	Independent Banks of South Carolina
Independent Community Bankers of South Dakota	Tennessee Bankers Association
Independent Bankers Association of Texas	Virginia Association of Community Banks
Vermont Bankers Association	Community Bankers of Washington
Wisconsin Bankers Association	Community Bankers of West Virginia
Wyoming Bankers Association	

CC: Senate Small Business Committee Chairman Marco Rubio
Senate Small Business Committee Ranking Member Benjamin L. Cardin
House Small Business Committee Chairwoman Nydia M. Velázquez
House Small Business Committee Ranking Member Steve Chabot
Senate Banking Committee Chairman Mike Crapo
Senate Banking Committee Ranking Member Sherrod Brown
House Financial Services Committee Chairwoman Maxine Waters
House Financial Services Committee Ranking Member Patrick McHenry