

## COVID-19 Response Proposals

### Direct Support for Small Business

- Automatic forgiveness for smaller PPP loans
- EIDL grants do not reduce PPP forgiveness
- Additional PPP funding under more favorable terms
- Enhanced SBA 7(a) lending (higher loan limits and guarantee levels)
- More favorable Main St. Program (loan threshold of \$100,000, longer terms, etc.)
- Re-Start Act
  - Loans to cover 6 months of payroll, benefits, and fixed expenses up to \$10 million
  - A share of the loan is forgiven based on 2020 revenue losses
  - Unforgiven amount is repaid over 7 years, with initial deferral of interest and principal
  - 100% guarantee
- Additional tax credits for small employers (e.g., enhanced employee retention credit, payroll tax credits)

### Bank Capital and Accounting Relief

- PPP loans should not count against capital and leverage ratios
- Federal Reserve should assist to foster secondary market to sell PPP loans
- SBA should buy SBA loans to create secondary market
- Double national lending limits for all FDIC institutions
- Suspend FASB's Current Expected Credit Losses (CECL) implementation until 2025
- Make 8% Community Bank Leverage Ratio (CBLR) permanent for institutions \$10 billion or less in assets
- Enhance Troubled Debt Restructuring (TDR) reforms. The CARES Act provision should be in place through December 31, 2021
- Suspend impairments of COVID-19-related assets for a period of two years
- Facilitate appeals of exam findings

## **Promoting Bank Liquidity/Deposit Insurance**

- Mandate TAG (remove agency discretion)
- Mandate federal guarantee of other non-deposit bank and bank holding company debt
- Increase current FDIC deposit insurance from \$250,000 to \$500,000 per account with a higher limit for public deposits

## **Legal Reform**

- Create liability safe harbor for businesses that reopen relative to employee and customer illness

## **Tax**

- Allow interest on small business loans of less than \$5 million held by community banks to be tax-exempt, as provided for in the Access Business Credit Act (H.R. 4805).
- Allow interest on loans secured by agricultural real estate or primary residences in rural communities to be tax-exempt as provided for in the Enhancing Credit Opportunities in Rural America (ECORA Act, H.R. 1872/S. 1641)
- Allow PPP borrowers that also obtain loan forgiveness to deduct payroll and other business expenses

## **Direct Support for Individuals**

- Enhanced unemployment insurance
- Additional stimulus payments
- Payroll tax cut

## **Support for Local Regions**

- Raise current bank-qualified municipal bond annual issuance limit to \$50 million from \$10 million to expedite low-cost funding for local projects.
- Direct federal support for states and localities.

## **Agricultural Proposals**

**Financial Assistance to the Farm Sector** – Provide additional direct financial assistance to farmers, ranchers and others involved in the food sector.

### **Enhance USDA Guaranteed Lending Programs.**

- Increase funding for USDA direct and guaranteed loan programs.
- Increase loan limits for USDA guaranteed farm loans to \$2.5 million to assist a broader segment of family farmers and ranchers.
- Allow FSA to reimburse borrowers for guaranteed loan fees through 2021.
- Temporarily suspend term limits on FSA direct operating loans through 2021.
- Provide lenders and borrowers the choice of which county office to access for approval of guaranteed loan applications to speed up loan application approvals and reduce backlogs.

**Bank Lending Limits.** Exclude the amount of a loan insured by crop insurance from a bank's lending limits.

**Forbearance for Banks and Bank Customers.** Provide forbearance for community banks and their borrowers. Allow banks to amortize loan losses over a 7 or 12 year period depending on type of collateral backing the loan. Ensure regulators do not classify ag loans as substandard; allow additional time for borrowers to work out farm loan repayments.

**Suspend Environmental Assessments.** Temporarily suspend environmental assessment requirements under the National Environmental Policy Act (NEPA) for small to moderately sized agricultural activities necessary to improve operating efficiencies.