

## SENATE PASSES HOUSE PPP FLEXIBILITY ACT

Yesterday, the Senate cleared the House-passed Paycheck Protection Program Flexibility Act ([H.R. 7010](#)) by unanimous consent, sending the bill to President Donald Trump's signature. The bill contains a host of provisions that seek to ease loan forgiveness provisions while providing more time and flexibility for how recipients use these funds. Specifically, the bill touches on:

- **Loan Forgiveness.** The bill extends the covered period during which a recipient can use their loan towards forgivable expenses from eight to 24 weeks after origination. It also includes two new exceptions allowing borrowers to achieve full PPP loan forgiveness even if they don't fully restore their workforce: (1) if the recipient is unable to rehire former or similarly qualified employees; and (2) if the recipient is unable to return to the same level of business activity due to the COVID-19 public health emergency.
- **Use of Funds.** The measure allows a greater portion of loan forgiveness to come from non-payroll costs. Borrowers will now be allowed to have up to 40 percent of their forgiveness come from non-payroll costs, up from an initial 25 percent.
- **Borrower Benefits.** The bill lengthens the PPP loan term from two to five years and allows program participants to take advantage of the CARES Act's payroll tax deferral.
- **Timelines.** The legislation pushes the PPP program's expiration from Jun. 30. to Dec. 31.

— **WHAT'S ON THE HORIZON FOR THE PPP?** Prior to Senate passage of H.R. 7010, Sens. Ron Johnson (R-WI) and Mike Lee (R-UT) — who had expressed concerns and opposition to the House-passed bill — secured a [letter](#) from key Small Business Committee members in both chambers clarifying that the intent of the legislation is not to reauthorize the program through the end of the year without additional reforms. Small Business Committee Chairman Marco Rubio (R-FL) and Sen. Susan Collins (R-ME) have also indicated they are working on a technical change to the legislation that would ensure business can have their loans forgiven in some form regardless of whether they reach the 60 percent threshold. Additionally, there has been a [bipartisan push](#) in Congress to expand PPP eligibility to 501(c)6 organizations and other currently ineligible nonprofits in the next round of COVID-19 relief legislation.