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February 23, 2021

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Ms. Tami Perriello
Acting Administrator
U.S. Small Business Administration
409 3rd Street SW
Washington, D.C. 20416

Dear Secretary Yellen and Acting Administrator Perriello:

I urge you to promptly issue updated guidance on Paycheck Protection Program (PPP) eligibility for small businesses that experienced a change in ownership after February 15, 2020.

As a co-author of the PPP, I am proud that the program has been a lifeline for so many small employers and their employees during the COVID-19 pandemic. We deliberately designed PPP as a forgivable loan program, with loan amounts and loan forgiveness directly tied to actual payroll costs, in order to maintain the vital connection between small employers and their employees. Under current law, as long as a borrower uses 60 percent of loan amounts for payroll costs (and the remainder is used for allowable expenses), the loan should be fully forgiven. The ability for otherwise eligible small employers and their employees to access this support should not be diminished due to a change in business ownership.

Since PPP re-opened last month, I have heard from multiple Maine employers who bought an already established small business in the last year, in some cases with a period of inactivity before reopening, and are seeking a PPP loan to help their businesses survive the pandemic. Previously issued guidance (Frequently Asked Question #38, issued April 29, 2020) advised that a business that was in operation on February 15, 2020, "if it meets the other eligibility criteria...is eligible to apply for a PPP loan regardless of the change in ownership." According to the Treasury Department's and Small Businesses Administration's websites, however, this guidance is in the process of being revised. The delay in the release of new guidance is causing confusion and preventing small employers from receiving much-needed relief during the current round of PPP funding. I ask you to issue updated guidance immediately so that small businesses that experienced a change in ownership after February 15, 2020, are able to access the current round of PPP funding. This guidance should include clarification on what documentation the new owners may use as part of their PPP application.

I appreciate the work your agencies are doing to support our small businesses and their employees during this pandemic, and thank you for your attention to this critical issue. If you have any questions about this request, please do not hesitate to contact me or have your staff contact [REDACTED]

Sincerely,



Susan M. Collins
United States Senator