

May 6, 2020

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20515

The Honorable Kevin McCarthy
Republican Leader
United States House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Democratic Leader
United States Senate
Washington, DC 20515

Dear Speaker Pelosi and Leaders McConnell, McCarthy, and Schumer:

As leaders of organizations that bring consumers and small businesses together online to host people in homes, hold in-person live events, sell handmade and vintage items, and find professionals locally or around the country, we are managing the extent to which the coronavirus pandemic has dramatically upended consumers' lives and the livelihoods of the self employed, sole proprietors, and small businesses that use our platforms to earn income. We are grateful for the steps taken by the Congress and Administration to date and write to offer our suggestions for CARES Act 2.0 to improve federal relief efforts so they are accessible to and effective for the entire economy, as you intended.

Adjustments to the Paycheck Protection Program and Economic Injury Disaster Loans

With several weeks of data indicating who is and who is not benefiting from the Small Business Administration support provided in the CARES Act, it is clear these funds are not yet reaching many of the entrepreneurs who rely on our platforms to run their businesses. We make the following recommendations to amend the Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL) in the next round of relief legislation:

- Extend the PPP and Dedicate Funds for Small Loans – Congress has appropriated \$659 billion to the PPP program thus far. Despite that unprecedented level of aid, it is clear to us from our users that the magnitude of the current public health crisis will require a repeated infusion of federal funds. We urge you to appropriate additional resources to the PPP and to extend its covered period so loan proceeds can be used beyond eight weeks after the loan's origination, as current law specifies.

We further urge you to set aside a portion of new PPP appropriations for businesses that thus far have been disadvantaged in attempting to access the PPP, and to designate a percentage of these new resources to support loans of \$100,000 or less. Such a provision will help ensure PPP dollars go to the smallest businesses in the greatest need of relief.

- Clarify Sole Proprietors' Access to the PPP – We applaud the recognition of sole proprietors and independent contractors in coronavirus recovery. As you develop the

next round of legislation, we urge you to amend the PPP so these solo entrepreneurs can more easily access its loans. While the Department of Treasury recently issued revised guidance for borrowers that sought to answer some of these questions, Congress can bring further clarity and certainty to the marketplace by explicitly authorizing the PPP to provide forgivable loans to businesses without employees and mandating that banks accept a wide variety of documentation from these applicants, including but not limited to, net or gross earnings and revenue statements issued by organizations like ours, bank statements, 1099s, and Schedule C and Schedule E tax forms.

- Build Additional Flexibility into the PPP – As you know, the Administration has interpreted the CARES Act to require 75 percent of a PPP loan be used on payroll costs in order to be forgiven. That regulation limits the utility of PPP resources for the self employed, sole proprietors and small businesses that use our platforms. We urge you to require the SBA to allow small businesses that are closed or have very few customers compared to 2019 to use PPP loan proceeds on payroll, rent, utilities or debt obligations regardless of the percentage. We further urge you to require the SBA to allow full loan forgiveness on any PPP amount used to cover payroll and non-payroll expenses.
- Reform Economic Injury Disaster Loans (EIDL) – The self employed, sole proprietors, and small businesses that use our platforms appreciate the reforms to the EIDL program included in the CARES Act. We ask that you further update that program in the next round of relief legislation by (1) permitting businesses to access a second EIDL loan during the crisis, given its length and impact; and (2) removing EIDL's current personal guarantee and collateral requirements so that funds awarded by the SBA can be more easily accessed.

Additional Small Business Support

Adoption of the above recommendations will improve the efficacy of the PPP for many of the self employed, sole proprietors, and small businesses that use our platforms. But more needs to be done to ensure these businesses can maintain payroll, hire new employees, and safely reopen once their communities determine that is appropriate.

- Provide Targeted Support for Small Businesses – Despite the scope of federal economic relief thus far, we are concerned there are still businesses unable to access the support provided by the PPP, the EIDL, and the Main Street loan facility. In light of the challenges our users continue to face, we urge Congress to create an additional funding mechanism, specifically to provide relief to the self-employed, sole proprietors, and small businesses (including certain charitable organizations) that were unable to obtain federal relief thus far or that have exhausted other forms of aid authorized in the CARES Act. By limiting access to this subset of small businesses, an additional funding resource will ensure wages can be paid to furloughed or laid off employees/operators of the sole proprietors and small businesses that use our platforms.

The fund could support grants for qualifying small businesses in an amount equal to 30 percent of the businesses' 2019 gross receipts, up to a maximum grant amount of

\$75,000. The program could also serve employers who suffered a month-over-month drop in revenues of at least 20 percent, supporting grants to cover a portion of payroll and benefits for at least the next six months, plus a percentage of their fixed operating costs like rent, utilities, insurance policies, and maintenance.

- Further Defer Federal Tax Payments – We welcomed the Internal Revenue Commission’s decision to administratively defer tax payments previously due April 15 to July 15. We urge you to mandate the deferral be extended to January 15, 2021. We further request the self employed, sole proprietors, and small businesses that receive loan forgiveness under the PPP be permitted to defer payroll taxes owed in 2020 to the next two years.

Thank you for considering our views, and for continuing to provide our communities of users with the resources and leadership needed to strengthen our economies and safeguard the public’s health.

Sincerely,

Airbnb
Etsy, Inc.
Eventbrite
Thumbtack
Upwork

CC: The Honorable Marco Rubio, Chairman, U.S. Senate Committee on Small Business and Entrepreneurship
The Honorable Ben Cardin, Ranking Member, U.S. Senate Committee on Small Business and Entrepreneurship
The Honorable Nydia Velazquez, Chairwoman, U.S. House Committee on Small Business
The Honorable Steve Chabot, Ranking Member, U.S. House Committee on Small Business
The Honorable Mike Crapo, Chairman, U.S. Senate Committee on Banking, Housing, and Urban Affairs
The Honorable Sherrod Brown, Ranking Member, U.S. Senate Committee on Banking, Housing, and Urban Affairs
The Honorable Maxine Waters, Chairwoman, U.S. House Committee on Financial Services
The Honorable Patrick McHenry, Ranking Member, U.S. House Committee on Financial Services