

House Passes Bill to Extend, Expand Provisions of PPP

On May 28, 2020, in a nearly unanimous vote, the U.S. House of Representatives voted to extend certain provisions of the Paycheck Protection Program (PPP) to provide small businesses with relief in the timeframe and use of their PPP loan funds. While President Trump has encouraged changes to PPP, and the Senate had been developing a plan of its own, the Paycheck Protection Program Flexibility Act is the first to pass its branch.

House representatives took into consideration the most debated aspects of the PPP when they wrote the Flexibility Act including the timeframe and parameters for usage of loan funds. The most notable changes of the Paycheck Protection Program Flexibility Act were:

- Extension of the period to use funds from 8 weeks to the earlier of 24 weeks or December 31, 2020
- Decrease in required use of funds for payroll from 75% to 60%
- Deferment of payroll taxes for those who receive loan forgiveness
- Extension of June 30 rehiring deadline to December 31, 2020
- Increased leeway on loan forgiveness for demonstrating rehiring challenges or reopening challenges including:
 - Inability to rehire an individual who was an employee as of February 15, 2020
 - Inability to hire similarly qualified employees on or before December 31, 2020
 - Inability to return to same level of business activity prior to February 15, 2020
- Increased of minimum loan maturity to 5 years

The bill must next pass the Senate, which has not yet signaled support but is expected to take up the bill when it's in session next week. We will continue to update this story as developments occur.