

April 16, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Dear Administrator Carranza,

I write to you today regarding your agency's implementation of the recently enacted loan programs within the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* (Public Law 116-136). As you are aware, the impacts of COVID-19 are affecting many small businesses throughout the country, including America's farmers and ranchers. Therefore, I am calling on you to ensure that farmers, ranchers, rural businesses, and cooperatives are all included in the implementation of these new loan programs. It is imperative that we take swift action to aid our small business agricultural sector and help ensure that we have a stable and reliable food supply.

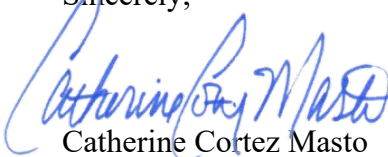
It is my understanding that the Small Business Administration (SBA) has previously taken the position that some agricultural operations are ineligible for the new Economic Injury Disaster Loan (EIDL) Program, as provided in section 1110 of the CARES Act. While this may have been the case under the previous law, the CARES Act put forward new requirements for the EIDL program, in response to the COVID-19 pandemic. As such, section 1110(a)(2) of the CARES Act expanded the eligibility of the EIDL program by further defining eligible entities. Notably, this new definition under the CARES Act does not explicitly exclude farms from this program, as Congress intended for farms to qualify – provided they fit within one of the specified criteria for eligibility. Due to these circumstances, and in anticipation of future Congressional appropriations, I ask that you immediately adjust the guidance on your agency's website and allow for agricultural businesses and farms to seek loans and assistance under these new COVID-19 specifications for the EIDL program.

In addition, Congress also expanded eligibility for the new Paycheck Protection Program (PPP) in section 1102(a) of the CARES Act beyond the scope of section 7(a) of the Small Business Act. Specifically, the CARES Act allows for the inclusion of any business – including agricultural businesses and farms – with no more than 500 employees, thus eliminating other limitations based on receipts under the previous 7(a) loan program. I am concerned, however, that without additional flexibility, some operations will have limited access to the PPP because their agricultural enterprises do not pay “wages” in the strict sense. Farmers and ranchers often have different needs and attributes compared to other small businesses. Accordingly, I request that you please keep in mind that many agricultural operations have had limited income over the past few years or do not pay themselves or others a wage as you develop the requirements for sole proprietors in the new PPP. Instead, I ask that you implement the loan programs for these

sole proprietors in a similar fashion as the flexible payroll definition in section 1102(a)(2) of the CARES Act, and include “net earnings from self-employment, or similar compensation” as a consideration of alternative payroll calculations for sole proprietors who have taken little to no actual salary over the recent years, or have no meaningful monthly payroll expense. In order to achieve the broadest access to the PPP in rural America, I call on you to ensure that all eligible lenders are granted immediate access to the SBA lending portal.

Thank you for the consideration of my requests. The expedient implementation of these important loan programs are essential for our nation’s small businesses, including those involved in agricultural and food production, and vital to our country’s ability to keep food on the table. I look forward to your prompt response.

Sincerely,



Catherine Cortez Masto
United States Senator