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# United States Senate

COMMITTEES:

COMMERCE, SCIENCE,  
AND TRANSPORTATION  
ENERGY AND  
NATURAL RESOURCES  
FOREIGN RELATIONS

April 1, 2020

The Honorable Jovita Carranza  
Administrator  
U.S. Small Business Administration  
409 3<sup>rd</sup> Street, SW  
Washington, D.C. 20416

Dear Administrator Carranza:

As the Small Business Administration (SBA) is promulgating regulations and guidance for the Coronavirus Aid, Relief, and Economic Security (CARES) Act, I ask that you also provide guidance allowing businesses that take advantage of the North American Industry Classification System (NAICS) 72 exception to the affiliation limitations to access to the paycheck protection program (PPP) loans per location rather than being subject to a single \$10 million cap entity wide.

SBA rules traditionally set a maximum number of employees, annual receipts, or other qualifiers for companies in various industries to qualify for SBA programs. The CARES Act relaxes many of those limitations for the PPP, including the affiliation rules for NAICS 72 entities.

Yet while the CARES Act language specifically permits NAICS 72 entities from having to aggregate employees across affiliates for purposes of loan eligibility, the language is less clear as to whether the loan size limits (the lesser of 2.5 times average monthly payroll or \$10 million) apply to each individual location or to the entire entity. For many in the restaurant and accommodations industries, capping loan size by affiliates would dramatically reduce the value of the program. For instance, a large restaurant chain or a large franchisee that has to rely on location-based employee count to satisfy the 500-employee limit would likely be unable to meet much of its payroll needs if it is nevertheless limited to a single \$10 million loan for its entire system. Moreover, such a limit would also seriously undercut the rationale for permitting NAICS 72 entities to count employees by location.

The goal of the CARES Act is to provide economic relief to employees and business who have been negatively impacted by COVID-19, and it has specifically provided for the accommodations and food service industries because of the particularly acute pressures placed on those industries by the social distancing directives necessary for public health. I hope the SBA realizes the goals of the CARES Act and quickly moves to provide guidance allowing NAICS 72 exempted businesses to take full advantage of the PPP loans.

Thank you for your work and dedication to small businesses across the United States.

Sincerely,



Cory Gardner  
United States Senator