

116TH CONGRESS  
2D SESSION

# H. R. 7481

To establish a loan program for businesses affected by COVID–19, and  
for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 2, 2020

Mr. GOLDEN (for himself and Mr. KELLY of Pennsylvania) introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To establish a loan program for businesses affected by  
COVID–19, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Reviving the Economy  
5 Sustainably Towards A Recovery in Twenty-twenty Act”  
6 or the “RESTART Act”.

7 **SEC. 2. RESTART LOAN PROGRAM.**

8 (a) DEFINITIONS.—In this section:

1           (1) ADMINISTRATION; ADMINISTRATOR.—The  
2 terms “Administration” and “Administrator” mean  
3 the Small Business Administration and the Adminis-  
4 trator thereof, respectively.

5           (2) COMMUNITY DEVELOPMENT FINANCIAL IN-  
6 STITUTION.—The term “community development fi-  
7 nancial institution” has the meaning given the term  
8 in section 103 of the Riegle Community Develop-  
9 ment and Regulatory Improvement Act of 1994 (12  
10 U.S.C. 4702).

11           (3) COMPARABLE PERIOD.—

12           (A) DEFINITION.—The term “comparable  
13 period” means a period that—

14                   (i) begins on the date that is 1 year  
15 or 2 years earlier than the beginning of a  
16 covered period; and

17                   (ii) may be adjusted to begin at the  
18 beginning of a pay period that is imme-  
19 diately before or immediately after the date  
20 described in clause (i).

21           (B) HOLIDAYS.—If a holiday occurs dur-  
22 ing the covered period or the period described  
23 in subparagraph (A)(i), the holiday shall be in-  
24 cluded as part of both periods.

1           (4) COVERED LOAN.—The term “covered loan”  
2 means a loan made under this section during the  
3 covered period.

4           (5) COVERED PERIOD.—The term “covered pe-  
5 riod” means—

6           (A) except as provided in subparagraph  
7 (B), and as determined by the eligible recipient  
8 of a covered loan, the 6-month period beginning  
9 on—

10                   (i) the date of the origination of the  
11 covered loan;

12                   (ii) the first day of the next scheduled  
13 pay period following the date of the origi-  
14 nation of the covered loan;

15                   (iii) the first day of the first full  
16 month following the date of the origination  
17 of the covered loan; or

18                   (iv) April 15, 2020; or

19           (B) with respect to an eligible recipient of  
20 a covered loan that suffered a decline in gross  
21 receipts of more than 80 percent in 2020 as  
22 compared to 2019 or in the 6-month period be-  
23 ginning on the date of the origination of the  
24 covered loan as compared to a comparable pe-  
25 riod, and as determined by the eligible recipient

1 of a covered loan, the 12-month period begin-  
2 ning on—

3 (i) the date of the origination of the  
4 covered loan;

5 (ii) the first day of the next scheduled  
6 pay period following the date of the origi-  
7 nation of the covered loan;

8 (iii) the first day of the first full  
9 month following the date of the origination  
10 of the covered loan; or

11 (iv) April 15, 2020.

12 (6) ELIGIBLE RECIPIENT.—The term “eligible  
13 recipient”—

14 (A) means an individual or entity that—

15 (i) is eligible to receive a loan made  
16 under section 7(a)(36) of the Small Busi-  
17 ness Act (15 U.S.C. 636(a)(36)); or

18 (ii) as of February 15, 2020, has not  
19 more than 5,000 full-time employees;

20 (B) includes—

21 (i) a nonprofit organization that—

22 (I) as of February 15, 2020, has  
23 not more than 5,000 full-time employ-  
24 ees; and

1 (II) is not more than 50 percent  
2 owned or controlled by a State, local,  
3 or Tribal government;

4 (ii) a business concern that—

5 (I) deals in rare coins and  
6 stamps; and

7 (II) as of February 15, 2020, has  
8 not more than 5,000 full-time employ-  
9 ees; and

10 (iii) a business concern that leases or  
11 finances equipment to other businesses, if  
12 the business concern—

13 (I) as of February 15, 2020, has  
14 not more than 5,000 full-time employ-  
15 ees; and

16 (II) is not—

17 (aa) a mortgage lender; or

18 (bb) a lender participating  
19 in the loan program under sec-  
20 tion 7(a)(36) of the Small Busi-  
21 ness Act (15 U.S.C. 636(a)(36)).

22 (7) MINORITY DEPOSITORY INSTITUTION.—The  
23 term “minority depository institution” has the  
24 meaning given the term in section 308 of the Finan-

1        cial Institutions Reform, Recovery, and Enforcement  
2        Act of 1989 (12 U.S.C. 1463 note).

3            (8) NONPROFIT ORGANIZATION.—The term  
4        “nonprofit organization” means an entity described  
5        in paragraph (3), (5), (6), (7) (related to housing),  
6        (12), (13), or (19) of section 501(c) of the Internal  
7        Revenue Code and that is exempt from taxation  
8        under section 501(a) of such Code.

9            (9) PAYROLL COSTS.—The term “payroll costs”  
10        has the meaning given the term in section  
11        7(a)(36)(A) of the Small Business Act (15 U.S.C.  
12        636(a)(36)(A)), except that such costs shall not in-  
13        clude—

14            (A) qualified wages taken into account in  
15        determining the credit allowed under section  
16        2301(g) of the CARES Act (Public Law 116–  
17        136); or

18            (B) any payments made to an independent  
19        contractor.

20            (10) SECRETARY.—The term “Secretary”  
21        means the Secretary of the Treasury.

22            (11) UNDERSERVED BORROWER.—The term  
23        “underserved borrower” means any business concern  
24        that has traditionally had difficulty accessing fi-  
25        nance, including—

1 (A) business concerns that—

2 (i) have fewer than 25 full-time equiv-  
3 alent employees as of February 15, 2020,  
4 and do not have a strong relationship with  
5 a bank;

6 (ii) are owned or controlled by minori-  
7 ties;

8 (iii) are owned or controlled by  
9 women;

10 (iv) are owned or controlled by vet-  
11 erans, including service-disabled veterans  
12 (as those terms are defined in section 3(q)  
13 of the Small Business Act (15 U.S.C.  
14 632(q))); or

15 (v) are located in low-income and  
16 rural communities, including low-income  
17 communities as defined in section 45D(e)  
18 of the Internal Revenue Code of 1986; and

19 (B) Tribal business concerns.

20 (b) ESTABLISHMENT.—The Administrator shall es-  
21 tablish a program to guarantee loans made to eligible re-  
22 cipients affected by COVID–19.

23 (c) PARTICIPATION.—In an agreement to participate  
24 in a covered loan on a deferred basis, the participation  
25 by the Administration shall be 100 percent.

1 (d) TERMS AND REQUIREMENTS.—

2 (1) DURATION.—Except as provided in para-  
3 graph (4), the duration of a covered loan shall be for  
4 not more than 7 years.

5 (2) AMOUNT.—

6 (A) IN GENERAL.—The amount of a cov-  
7 ered loan made to an eligible recipient shall be  
8 not more than the lesser of—

9 (i) 45 percent of the 2019 gross re-  
10 cepts of the eligible recipient; and

11 (ii) \$12,000,000.

12 (B) DUPLICATION OF ASSISTANCE.—An el-  
13 igible recipient of a covered loan shall not use  
14 proceeds of the covered loan for the same ex-  
15 penses that are covered using funds received  
16 under subsection (a)(36) or (b)(2) of section 7  
17 of the Small Business Act (15 U.S.C. 636), sec-  
18 tion 1110 of the CARES Act (Public Law 116–  
19 136), or section 4003 of the CARES Act (Pub-  
20 lic Law 116–136).

21 (3) INTEREST RATE.—

22 (A) IN GENERAL.—Except as provided in  
23 paragraph (4), the interest rate on a covered  
24 loan shall be, as determined by the Adminis-  
25 trator and the Secretary—



1 (i) for the first 2 years of the covered  
2 loan, not less than 2 percent and not more  
3 than 4 percent; and

4 (ii) for the third through seventh  
5 years of the covered loan, the Applicable  
6 Federal Rate plus 250 to 600 basis points  
7 based on the decline in gross receipts of  
8 the eligible recipient.

9 (B) NO PAYMENTS FOR 12 MONTHS.—No  
10 interest payments shall be due on a covered  
11 loan for the first 12 months of the covered loan.

12 (4) SPECIAL PROVISIONS FOR NONPROFIT OR-  
13 GANIZATIONS.—At the time of application for a cov-  
14 ered loan, a nonprofit organization described in sub-  
15 section (a)(5)(B) shall make an election—

16 (A) for a covered loan with a maturity of  
17 not more than 14 years and an interest rate of  
18 not more than 2 percent for the first 4 years  
19 and the Applicable Federal Rate plus 100 to  
20 300 basis points for the remaining duration of  
21 a covered loan, with no eligibility for forgiveness  
22 of the covered loan under subsection (j); or

23 (B) for a covered loan with the maturity  
24 and interest rate terms described in paragraphs  
25 (1) and (3), respectively, with the ability to ob-

1           tain forgiveness of the covered loan if the non-  
2           profit organization qualifies under subsection  
3           (j)(2).

4           (5) PAYMENT DEFERRAL.—

5                 (A) IN GENERAL.—No payment of prin-  
6           cipal shall be due on a covered loan for the first  
7           2 years of the covered loan.

8                 (B) ADDITIONAL DEFERRAL.—After the 2-  
9           year deferral period described in subparagraph  
10          (A), the Administrator may grant not more  
11          than an additional 2 years of principal deferral  
12          to an eligible recipient of a covered loan if the  
13          eligible recipient is certified by the Adminis-  
14          trator and the Secretary as economically dis-  
15          tressed based on publicly available criteria es-  
16          tablished by the Administrator and the Sec-  
17          retary.

18          (6) ORIGINATION FEES.—

19                 (A) IN GENERAL.—The origination fee for  
20          a covered loan shall be as follows:

21                     (i) 3.75 percent for a covered loan of  
22                     not more than \$100,000.

23                     (ii) 3.5 percent for a covered loan of  
24                     more than \$100,000 and not more than  
25                     \$250,000.

1 (iii) 3.25 percent for a covered loan of  
2 more than \$250,000 and not more than  
3 \$500,000.

4 (iv) 3 percent for a covered loan of  
5 more than \$500,000 and not more than  
6 \$750,000.

7 (v) 2.75 percent for a covered loan of  
8 more than \$750,000 and not more than  
9 \$1,000,000.

10 (vi) 2.5 percent for a covered loan of  
11 more than \$1,000,000 and not more than  
12 \$1,500,000.

13 (vii) 2.25 percent for a covered loan of  
14 more than \$1,500,000 and not more than  
15 \$1,750,000.

16 (viii) 2 percent for a covered loan of  
17 more than \$1,750,000 and not more than  
18 \$2,000,000.

19 (ix) 1.75 percent for a covered loan of  
20 more than \$2,000,000 and not more than  
21 \$2,500,000.

22 (x) 1.5 percent for a covered loan of  
23 more than \$2,500,000 and not more than  
24 \$3,000,000.

1 (xi) 1.25 percent for a covered loan of  
2 more than \$3,000,000 and not more than  
3 \$3,500,000.

4 (xii) 1 percent for a covered loan of  
5 more than \$3,500,000 and not more than  
6 \$4,000,000.

7 (xiii) 0.75 percent for a covered loan  
8 of more than \$4,000,000 and not more  
9 than \$12,000,000.

10 (B) PAYMENT BY FEDERAL GOVERN-  
11 MENT.—The Administrator shall—

12 (i) for any covered loan that is made  
13 to an eligible recipient with not more than  
14 500 full-time employees as of February 15,  
15 2020, together with all its affiliates in the  
16 aggregate, without regard to any waiver of  
17 applicable affiliation rules, pay the applica-  
18 ble origination fee described in subpara-  
19 graph (A); and

20 (ii) for any covered loan of not more  
21 than \$10,000,000 that is made to an eligi-  
22 ble recipient with more than 500 full-time  
23 employees as of February 15, 2020, in the  
24 aggregate, without regard to any waiver of  
25 applicable affiliation rules, pay 50 percent

1 of the amount of the applicable origination  
2 fee described in subparagraph (A).

3 (C) PAYMENT BY ELIGIBLE RECIPIENT.—

4 After any applicable payments by the Adminis-  
5 trator under subparagraph (B), the eligible re-  
6 cipient of a covered loan—

7 (i) shall be responsible for paying the  
8 remainder of any applicable origination fee  
9 under subparagraph (A); and

10 (ii) may finance the amount of the ap-  
11 plicable origination fee as part of the cov-  
12 ered loan amount, with such origination  
13 fee amount not counting toward the limita-  
14 tion on covered loan amounts described in  
15 paragraph (2)(A).

16 (7) STREAMLINED PROCEDURES.—The Admin-  
17 istrator and the Secretary shall establish streamlined  
18 application and loan approval procedures for eligible  
19 recipients with not more than 500 full-time employ-  
20 ees, including by allowing an eligible recipient to use  
21 an existing application submitted to a lender for the  
22 loan program under section 7(a)(36) of the Small  
23 Business Act (15 U.S.C. 636(a)(36)) and update the  
24 application as necessary for purposes of applying for  
25 a covered loan.

1 (8) APPLICATION.—

2 (A) AVAILABILITY.—The Administrator  
3 shall make available the application for a cov-  
4 ered loan in the 10 most commonly spoken lan-  
5 guages, other than English, in the United  
6 States, which shall include Spanish, Mandarin,  
7 Cantonese, Japanese, and Korean.

8 (B) GUIDANCE.—Not later than 15 days  
9 after the date of enactment of this Act, the Ad-  
10 ministrator and the Secretary shall issue guid-  
11 ance to allow lenders to receive applications for  
12 covered loans.

13 (C) DEADLINE FOR RESPONSE.—A lender  
14 that receives an application for a covered loan  
15 shall—

16 (i) not later than 2 days after submis-  
17 sion of the application to the Adminis-  
18 trator, notify the applicant that the lender  
19 submitted the application and provide the  
20 confirmation number; and

21 (ii) not later than 15 days after ap-  
22 proving the application, disburse the funds  
23 to the applicant.

24 (D) FORMAT.—The application for a cov-  
25 ered loan shall be similar to the application

1 used for a loan made under section 7(a)(36) of  
2 the Small Business Act (15 U.S.C. 636(a)(36)),  
3 with additional details requested by the Admin-  
4 istrator as necessary.

5 (E) APPLICATION WINDOWS.—The Admin-  
6 istrator shall make efforts to ensure that under-  
7 served borrowers that are eligible recipients re-  
8 ceive covered loans, including by establishing  
9 exclusive application windows for those eligible  
10 recipients.

11 (9) LIMITATION ON NUMBER OF LOANS.—An  
12 eligible recipient may receive not more than 2 cov-  
13 ered loans, the requested aggregate amount of which  
14 shall not exceed the limitation on covered loan  
15 amounts described in paragraph (2)(A).

16 (10) WAIVER OF PREPAYMENT PENALTY.—Not-  
17 withstanding any other provision of law, there shall  
18 be no prepayment penalty for any payment made on  
19 a covered loan.

20 (11) UNITED STATES OPERATIONS.—A covered  
21 loan may only be used for expenses which are—

22 (A) properly allocable to the production of  
23 income from sources within the United States  
24 (as determined under rules similar to the rules

1 of part I of subchapter N of the Internal Rev-  
2 enue Code of 1986), and

3 (B) effectively connected (as determined  
4 under rules similar to the rules section 952 of  
5 such Code) with the conduct by the eligible re-  
6 cipient of a trade or business within the United  
7 States (or any territory or possession of the  
8 United States) or off the coastline of the  
9 United States, including State submerged lands  
10 and territorial sea and exclusive economic zones  
11 owned by a United States entity.

12 (e) LENDERS.—

13 (1) EXISTING PPP LENDERS.—A lender that is  
14 approved to make loans under section 7(a)(36) of  
15 the Small Business Act (15 U.S.C. 636(a)(36)) and  
16 is approved by the Administrator and the Secretary  
17 may make and approve covered loans.

18 (2) ADDITIONAL LENDERS.—The authority to  
19 make covered loans shall be extended to additional  
20 lenders determined by the Administrator and the  
21 Secretary to have the necessary qualifications to  
22 process, close, disburse, and service loans made with  
23 the guarantee of the Administration.

24 (3) LENDERS SERVING UNDERSERVED BOR-  
25 ROWERS.—In approving lenders to make covered



1 loans, the Administrator and the Secretary shall give  
2 priority to lenders that are community development  
3 financial institutions with lower lending volumes, mi-  
4 nority depository institutions, mission-based non-  
5 profit lenders, nonbank lenders, and other financial  
6 institutions that disproportionately serve under-  
7 served borrowers.

8 (4) RESALE OF LOANS.—A lender of a covered  
9 loan may sell the covered loan to a third party.

10 (5) SALE OF PARTICIPATION IN COVERED  
11 LOANS.—A lender of a covered loan may sell a par-  
12 ticipation in the covered loan to a non-authorized  
13 lender in an amount that is not more than 85 per-  
14 cent of the covered loan.

15 (6) AGENT DISCLOSURE.—In order to be eligi-  
16 ble to obtain a fee, any agent shall be disclosed to  
17 the lender and the Administrator at the time of ap-  
18 plication for a covered loan.

19 (7) CAPITAL AND LIQUIDITY REQUIREMENTS.—  
20 Until December 31, 2021, the amount of a covered  
21 loan made by a lender shall be disregarded by Fed-  
22 eral regulators for the purpose of calculating regu-  
23 latory capital and liquidity requirements.

24 (f) BORROWER REQUIREMENTS.—

1           (1) CERTIFICATION.—An eligible recipient ap-  
2           plying for a covered loan shall submit a good faith  
3           certification that the eligible recipient suffered a de-  
4           cline in gross receipts of not less than 25 percent—

5                   (A) during an 8-week period during the pe-  
6                   riod beginning on February 1, 2020, and end-  
7                   ing on July 31, 2020, relative to—

8                           (i) an 8-week period during the period  
9                           beginning on January 1, 2020, and ending  
10                           on March 31, 2020; or

11                           (ii) a comparable 8-week period in  
12                           2019; or

13                   (B) during a calendar or fiscal quarter  
14                   during the period beginning on February 15,  
15                   2020, and ending on July 31, 2020, relative to  
16                   the same calendar or fiscal quarter in 2019.

17           (2) ACCOUNTING METHOD.—An eligible recipi-  
18           ent may calculate the decline in gross receipts de-  
19           scribed in paragraph (1) using the cash or accrual  
20           accounting method.

21           (3) ADJUSTMENTS.—The Administrator, in  
22           consultation with the Secretary, shall provide guid-  
23           ance on appropriate adjustments to the terms under  
24           this subsection for eligible recipients seeking a cov-

1       ered loan that are fiscal year taxpayers or seasonal  
2       businesses.

3           (4) RESTRICTIONS.—

4           (A) IN GENERAL.—The Administrator may  
5       enter into agreements to guarantee covered  
6       loans made to eligible recipients only if the Ad-  
7       ministrator determines that the agreement pro-  
8       vides that, until the date that is 12 months  
9       after the date on which the covered loan is no  
10      longer outstanding—

11           (i) the eligible recipient or an affiliate  
12          of the eligible recipient shall not purchase  
13          an equity security that is listed on a na-  
14          tional securities exchange of the eligible re-  
15          cipient or any parent company of the eligi-  
16          ble recipient, except to the extent required  
17          under a contractual obligation in effect as  
18          of the date of enactment of this Act;

19           (ii) the eligible recipient shall not pay  
20          dividends or make other capital distribu-  
21          tions with respect to the common stock of  
22          the eligible recipient; and

23           (iii) the restrictions on certain em-  
24          ployee compensation described in section  
25          4004(a) of the CARES Act (Public Law

1 116–136) apply to officers and employees  
2 of the eligible recipient.

3 (B) EXCEPTIONS.—

4 (i) DIVIDENDS.—

5 (I) REAL ESTATE INVESTMENT  
6 TRUSTS.—Subparagraph (A)(ii) shall  
7 not apply to any eligible recipient that  
8 is a real estate investment trust (as  
9 defined under section 856 of the In-  
10 ternal Revenue Code of 1986) for the  
11 taxable year in which the distribution  
12 is made to the extent that such entity  
13 distributes no more than 100 percent  
14 of real estate investment trust taxable  
15 income (as defined in section  
16 857(b)(2) of such Code, determined  
17 without regard to the deduction for  
18 dividends paid (as defined in section  
19 561 of such Code)) during such tax-  
20 able year.

21 (II) REGULATED INVESTMENT  
22 COMPANIES.—Subparagraph (A)(ii)  
23 shall not apply to any eligible recipi-  
24 ent that is a regulated investment  
25 company (as defined under section

1                   851 of the Internal Revenue Code of  
2                   1986) for the taxable year in which  
3                   the distribution is made to the extent  
4                   that such entity distributes no more  
5                   than 100 percent of investment com-  
6                   pany taxable income (as defined in  
7                   section 852(b)(2) of such Code, deter-  
8                   mined without regard to the deduction  
9                   for dividends paid (as defined in sec-  
10                  tion 561 of such Code)) during such  
11                  taxable year.

12                  (ii)           DISTRIBUTIONS.—Notwith-  
13                  standing subparagraph (A), during the pe-  
14                  riod described in that subparagraph an eli-  
15                  gible recipient that is an S-corporation or  
16                  a limited liability company may provide a  
17                  distribution to pay income taxes.

18                  (5) EMERGENCY RELIEF FUNDS.—

19                  (A) IN GENERAL.—Except as provided in  
20                  subparagraph (B), an eligible recipient applying  
21                  for a covered loan may not receive or have re-  
22                  ceived any assistance under 4003 of the  
23                  CARES Act (Public Law 116–136) for any  
24                  purpose.

1           (B) RETURN OF FUNDS.—An eligible re-  
2           recipient that received assistance under section  
3           4003 of the CARES Act (Public Law 116–136)  
4           may apply for a covered loan if the eligible re-  
5           recipient returns the funds received under such  
6           section 4003.

7           (6) BUSINESS CONCERNS WITH MORE THAN 1  
8           PHYSICAL LOCATION.—A business concern that em-  
9           ploys not more than 500 full-time employees per  
10          physical location of the business concern and that is  
11          assigned a North American Industry Classification  
12          System code beginning with 72 at the time of dis-  
13          bursal shall be eligible to receive a covered loan of  
14          not more than \$25,000,000 if the number of full-  
15          time employees, in the aggregate, does not exceed  
16          5,000.

17          (7) WAIVER OF AFFILIATION RULES.—

18                 (A) IN GENERAL.—The provisions applica-  
19                 ble to affiliations under section 121.103 of title  
20                 13, Code of Federal Regulations, or any suc-  
21                 cessor regulation, are waived with respect to eli-  
22                 gibility for a covered loan for—

23                         (i) any eligible recipient with not more  
24                         than 500 full-time employees that is as-

1 signed a North American Industry Classi-  
2 fication System code beginning with 72;

3 (ii) any eligible recipient operating as  
4 a franchise;

5 (iii) any eligible recipient that receives  
6 financial assistance from a company li-  
7 censed under section 301 of the Small  
8 Business Investment Act of 1958 (15  
9 U.S.C. 681); and

10 (iv) any eligible recipient with not  
11 more than 500 full-time employees that is  
12 not more than 50 percent owned or con-  
13 trolled by another entity.

14 (B) CONTROL.—For purposes of this para-  
15 graph, the term “control”, with respect to an  
16 eligible recipient, shall include—

17 (i) the possession, direct or indirect,  
18 of the power to vote not less than 50 per-  
19 cent of the voting equity in the eligible re-  
20 cipient;

21 (ii) ownership, direct or indirect, of  
22 not less than 50 percent of the equity in-  
23 terests in the eligible recipient; and

1 (iii) direct or indirect control over the  
2 management of affairs of the eligible re-  
3 cipient.

4 (8) CALCULATION OF FULL-TIME EMPLOY-  
5 EES.—For purposes of determining the number of  
6 full-time employees of an eligible recipient as of Feb-  
7 ruary 15, 2020—

8 (A) any employee working not fewer than,  
9 at the election of the eligible recipient, an aver-  
10 age of 30 hours per week during the preceding  
11 3-month period or 30 hours during the pre-  
12 ceding pay period shall be considered a full-time  
13 employee; and

14 (B) any employee working not fewer than  
15 10 hours and fewer than 30 hours per week  
16 shall be counted as one-half of a full-time em-  
17 ployee.

18 (9) CREDIT ELSEWHERE.—During the covered  
19 period, an eligible recipient is not required to show  
20 that the eligible recipient is unable to obtain credit  
21 elsewhere, as defined in section 3(h) of the Small  
22 Business Act (15 U.S.C. 632(h)).

23 (10) SUBORDINATION.—Any covered loan made  
24 to an eligible recipient shall be subordinate to any



1 liability incurred by the eligible recipient before Feb-  
2 ruary 15, 2020.

3 (11) RESTRICTIONS FOR PRIOR BANK-  
4 RUPTCY.—A lender may deny an application for a  
5 covered loan submitted by an eligible recipient if,  
6 during the 7-year period preceding the date of the  
7 application, the eligible recipient or a person that  
8 owns or controls the eligible recipient filed a petition  
9 for bankruptcy under chapter 7 or 13 of title 11,  
10 United States Code.

11 (g) USE OF FUNDS.—

12 (1) IN GENERAL.—An eligible recipient of a  
13 covered loan may use the proceeds for allowable ex-  
14 penses described in paragraph (2).

15 (2) ALLOWABLE EXPENSES.—The expenses de-  
16 scribed in this paragraph are—

17 (A) payroll costs for employees and fur-  
18 loughed employees, including—

19 (i) costs for continuation coverage  
20 provided pursuant to part 6 of subtitle B  
21 of title I of the Employee Retirement In-  
22 come Security Act of 1974 (other than  
23 under section 609), title XXII of the Pub-  
24 lic Health Service Act, section 4980B of  
25 the Internal Revenue Code of 1986 (other

1 than subsection (f)(1) of such section inso-  
2 far as it relates to pediatric vaccines), or  
3 section 8905a of title 5, United States  
4 Code, or under a State program that pro-  
5 vides comparable continuation coverage,  
6 other than coverage under a health flexible  
7 spending arrangement under a cafeteria  
8 plan within the meaning of section 125 of  
9 the Internal Revenue Code of 1986; or

10 (ii) any other non-cash benefit;

11 (B) rent;

12 (C) utilities;

13 (D) scheduled mortgage interest payments  
14 on existing mortgages as of February 15, 2020;

15 (E) scheduled interest payments on other  
16 scheduled debt as of February 15, 2020;

17 (F) costs related to personal protective  
18 equipment, which shall include N95 masks and  
19 authorized equivalent respirator masks, surgical  
20 masks, exam gloves, face shields, head covers,  
21 isolation gowns, and coveralls;

22 (G) payments of principal on outstanding  
23 loans as of February 15, 2020, not including  
24 the prepayment of any obligation for a period

1 in excess of a month unless the payment for  
2 such period is customarily due in advance;

3 (H) payments of principal on outstanding  
4 loans;

5 (I) payments made to independent contrac-  
6 tors, as reported on Internal Revenue Service  
7 Form-1099 NEC;

8 (J) other ordinary and necessary business  
9 expenses, including—

10 (i) settling existing debts owed to ven-  
11 dors and replenishing inventory;

12 (ii) franchise fees;

13 (iii) management fees paid to third  
14 parties on an arm's length basis;

15 (iv) maintenance expenses;

16 (v) administrative costs;

17 (vi) taxes;

18 (vii) operating leases; and

19 (viii) any other capital expenditure or  
20 expense required under any State, local, or  
21 Federal law or guideline related to social  
22 distancing as a result of COVID-19.

23 (3) PROHIBITED EXPENSES.—An eligible recipi-  
24 ent may not use the proceeds of a covered loan—

25 (A) to purchase real estate;

1 (B) for payments of interest or principal  
2 on loans originated after February 15, 2020;

3 (C) to invest or re-lend funds;

4 (D) for contributions or expenditures to, or  
5 on behalf of, any political party, party com-  
6 mittee, or candidate for elective office;

7 (E) for expenses related to any acquisition  
8 or divestiture; or

9 (F) for any other use as may be prohibited  
10 by the Administrator.

11 (h) LOAN DISBURSAL.—

12 (1) INITIAL DISBURSAL.—During the initial 14-  
13 day period in which lenders make and approve cov-  
14 ered loans, the lenders shall be limited to making  
15 covered loans to eligible recipients—

16 (A) with fewer than 50 full-time employees  
17 for the first 7-day period; and

18 (B) with fewer than 500 full-time employ-  
19 ees for the second 7-day period.

20 (2) REPORT.—Not later than the later of the  
21 date that is 180 days after the date on which  
22 amounts made available to carry out this Act are ex-  
23 pended or July 31, 2021, the Inspector General of  
24 the Administration shall submit to Congress a report  
25 evaluating whether small business concerns (as de-

1        fined in section 3 of the Small Business Act (15  
2        U.S.C. 632)), minority-owned eligible recipients, and  
3        other underserved borrowers are treated fairly in the  
4        process of making and approving covered loans.

5            (3) REQUIREMENT TO DRAW FUNDS.—An eligi-  
6        ble recipient shall draw all covered loan proceeds not  
7        later than March 31, 2021.

8            (i) MATURITY FOR LOANS WITH REMAINING BAL-  
9        ANCE AFTER APPLICATION FOR FORGIVENESS.—With re-  
10       spect to a covered loan that has a remaining balance after  
11       a reduction based on the loan forgiveness amount under  
12       subsection (j)—

13            (1) the remaining balance shall continue to be  
14        guaranteed by the Administration under this section;  
15        and

16            (2) the covered loan shall have a maximum ma-  
17        turity of 7 years beginning on the date of the origi-  
18        nation of the covered loan.

19            (j) LOAN FORGIVENESS.—

20            (1) IN GENERAL.—Except as otherwise pro-  
21        vided in this subsection, an eligible recipient of a  
22        covered loan that is not a nonprofit organization and  
23        submits an application not later than December 31,  
24        2023, shall be eligible for forgiveness for expenses  
25        described in subparagraphs (A) through (F) of sub-

1 section (g)(2) incurred during the covered period  
2 using proceeds of the covered loan in an amount  
3 equal to the product obtained by multiplying—

4 (A) the product obtained by multiplying—

5 (i) the percentage decline in gross re-  
6 ceipts of the eligible recipient—

7 (I) if the covered period does not  
8 extend past March 31, 2021, between  
9 the total gross receipts received by the  
10 business during calendar year 2020  
11 and the total gross receipts received  
12 by the business during calendar year  
13 2019;

14 (II) between the total gross re-  
15 ceipts received by the business during  
16 the 6-month period following the date  
17 of the origination of the covered loan  
18 and the total gross receipts received  
19 by the business during a comparable  
20 6-month period during the 12-month  
21 period preceding the date of the origi-  
22 nation of the covered loan; or

23 (III) if the covered period ex-  
24 tends past March 31, 2021, between  
25 the total gross receipts received by the

1 business during the covered period  
2 and the total gross receipts received  
3 by the business during a comparable  
4 period; and

5 (ii) .90; and

6 (B)(i) for an eligible recipient with not  
7 more than 500 full-time employees as of Feb-  
8 ruary 15, 2020, the sum of the expenses of the  
9 eligible recipient described in subparagraphs  
10 (A) through (F) of subsection (g)(2) paid dur-  
11 ing the covered period; or

12 (ii) for an eligible recipient with more than  
13 500 and not more than 5,000 full-time employ-  
14 ees as of February 15, 2020, the sum of—

15 (I) the benefits described in clauses  
16 (i) and (ii) of subsection (g)(2)(A) of this  
17 section and the payments described in  
18 subitems (CC) through (GG) of section  
19 7(a)(36)(A)(viii)(I)(aa) of the Small Busi-  
20 ness Act (15 U.S.C.  
21 636(a)(36)(A)(viii)(I)(aa)) that were paid  
22 during the covered period; and

23 (II) the expenses described in sub-  
24 paragraphs (B) through (F) of subsection

1 (g)(2) that were paid during the covered  
2 period.

3 (2) ALTERNATIVE AMOUNT.—If the amount of  
4 forgiveness on a covered loan as calculated under  
5 paragraph (1) is less than or equal to the amount  
6 of accrued interest payments for the first 12 months  
7 of the covered loan—

8 (A) the amount of loan forgiveness shall be  
9 equal to the amount of those interest payments;

10 (B) forgiveness shall not be subject to sec-  
11 tion 108(j) of the Internal Revenue Code, as  
12 added by paragraph (8)(C); and

13 (C) to receive the forgiveness amount de-  
14 scribed in subparagraph (A), the eligible recipi-  
15 ent shall include in the loan forgiveness applica-  
16 tion a certification to the Administrator that  
17 the eligible recipient was eligible for a covered  
18 loan under this section at the time of applica-  
19 tion for the covered loan.

20 (3) LOAN FORGIVENESS FOR SMALL NON-  
21 PROFITS.—A nonprofit organization described in  
22 subsection (a)(5)(B) with not more than 500 full-  
23 time employees as of February 15, 2020, that is an  
24 eligible recipient of a covered loan and submits an  
25 application not later than December 31, 2023, shall



1 be eligible for forgiveness for expenses described in  
2 subparagraphs (A) through (F) of subsection (g)(2)  
3 using, at the election of the nonprofit organization—

4 (A) the amount obtained using the formula  
5 described in paragraph (1), except that gross  
6 receipts shall not include donations, grants,  
7 dues, and investment income; or

8 (B) the amount obtained using the formula  
9 described in paragraph (1), except that the  
10 number in subparagraph (A)(ii) of such para-  
11 graph shall be—

12 (i) .7 for a nonprofit organization  
13 with not more than 50 full-time employees  
14 as of February 15, 2020; and

15 (ii) .2 for a nonprofit organization  
16 with not fewer than 50 and not more than  
17 500 full-time employees as of February 15,  
18 2020.

19 (4) PROHIBITION ON FORGIVENESS.—Any cov-  
20 ered loan made to an eligible recipient that is pub-  
21 licly traded, is a nonprofit organization described in  
22 section 501(c)(7) of the Internal Revenue Code, or  
23 is an eligible recipient described in subsection  
24 (f)(7)(D) shall not be eligible for loan forgiveness  
25 under this subsection.

1           (5) LIMITATION ON AMOUNT OF FORGIVE-  
2           NESS.—

3           (A) IN GENERAL.—The amount of all cov-  
4           ered loans made to an eligible recipient that  
5           may be forgiven under this subsection shall not  
6           exceed the total losses incurred by the eligible  
7           recipient in the taxable year 2020.

8           (B) APPLICATION OF RELATED PARTY  
9           PAYMENTS.—The Secretary shall issue regula-  
10          tions that provide that, for purposes of the loss  
11          calculation under subparagraph (A)—

12           (i) with respect to an eligible recipient  
13           of a covered loan with not fewer than 500  
14           full-time employees, related party trans-  
15           actions are prohibited from counting to-  
16           ward the loss calculation; and

17           (ii) with respect to an eligible recipi-  
18           ent of a covered loan with not more than  
19           500 full-time employees, any related party  
20           payments made during the covered period  
21           cannot be greater than related party pay-  
22           ments made during taxable year 2019.

23           (C) CAPITAL LOSSES.—For purposes of  
24           the loss calculation under subparagraph (A),  
25           capital losses from the sale of assets or deduc-

1           tions for guaranteed payments to partners in  
2           partnerships or owners in S-corporations shall  
3           not count toward the loss calculation.

4           (D) LIMITATION ON PPE EXPENSES.—An  
5           eligible recipient may only receive forgiveness  
6           for personal protective equipment expenses de-  
7           scribed in subsection (g)(2)(F) of not more  
8           than \$5,000.

9           (6) NO LIMITS BASED ON PERCENTAGE OF  
10          FUNDS USED FOR CERTAIN EXPENSES.—The Ad-  
11          ministrators or the Secretary shall not place limita-  
12          tions on forgiveness under this subsection based on  
13          the percentage of covered loan proceeds that are  
14          used for specific expenses described in subsection  
15          (g)(2).

16          (7) HOLD HARMLESS.—If a lender approved to  
17          make covered loans has received the required docu-  
18          mentation under this section from an applicant at-  
19          testing that the applicant has accurately verified the  
20          eligibility, gross receipts, and expenses of the appli-  
21          cant during the covered period—

22                 (A) an enforcement action may not be  
23                 taken against the lender under section 47(e) of  
24                 the Small Business Act (15 U.S.C. 657t(e)) re-

1           lating to loan forgiveness for those expenses;  
2           and

3           (B) the lender shall not be subject to any  
4           penalties by the Administrator relating to loan  
5           forgiveness for the expenses.

6           (8) TREATMENT OF FORGIVEN AMOUNTS.—

7           (A) IN GENERAL.—Section 108(a)(1) of  
8           the Internal Revenue Code of 1986 is amended  
9           by striking “or” at the end of subparagraph  
10          (D), by striking the period at the end of sub-  
11          paragraph (E)(ii) and inserting “, or”, and by  
12          adding at the end the following new subpara-  
13          graph:

14          “(F) the indebtedness discharged is a cov-  
15          ered loan (as defined in section 2(a) of the RE-  
16          START Act) discharged under section 2(j) of  
17          such Act.”.

18          (B) REDUCTION OF TAX ATTRIBUTES.—  
19          Section 108(b)(1) of such Code is amended by  
20          striking “or (C)” and inserting “, (C), or (F)  
21          (after application of subsection (j)(i))”.

22          (C) LIMITATION.—Section 108 of such  
23          Code is amended by adding at the end the fol-  
24          lowing new subsection:

1       “(j) SPECIAL RULES FOR DISCHARGES OF COVERED  
2 LOANS.—

3               “(1) INCLUSION OF EXCESS AMOUNTS.—

4                       “(A) IN GENERAL.—In the case of any  
5 taxpayer to which subsection (a)(1)(F) applies,  
6 the gross income of such taxpayer for any tax-  
7 able year in the applicable period shall be in-  
8 creased by the product of—

9                               “(i) 20 percent, and

10                               “(ii) so much of the amount excluded  
11 under subsection (a)(1)(F) as exceeds  
12 \$250,000.

13                       “(B) APPLICABLE PERIOD.—For purposes  
14 of subparagraph (A), the term ‘applicable pe-  
15 riod’ means the 5 taxable-year period beginning  
16 with the taxable year in which the discharge oc-  
17 curs.

18                       “(2) APPLICATION TO TAX ATTRIBUTES.—For  
19 purposes of applying subsection (b), the amount  
20 taken into account as excluded from income under  
21 subsection (a)(1)(F) shall not exceed \$250,000.”.

22                       (D) EFFECTIVE DATE.—The amendments  
23 made by this paragraph shall apply to dis-  
24 charges of indebtedness after the date of the  
25 enactment of this Act.

1           (9) COORDINATION WITH EMPLOYEE RETEN-  
2           TION TAX CREDIT.—Section 2301(g) of the CARES  
3           Act (Public Law 116–136) is amended to read as  
4           follows:

5           “(g) ELECTION TO NOT TAKE CERTAIN WAGES  
6 INTO ACCOUNT.—

7           “(1) IN GENERAL.—This section shall not apply  
8           to qualified wages paid by an eligible employer with  
9           respect to which such employer makes an election  
10          (at such time and in such manner as the Secretary  
11          may prescribe) to have this section not apply to such  
12          wages.

13          “(2) COORDINATION WITH RESTART LOANS.—  
14          The Secretary, in consultation with the Adminis-  
15          trator of the Small Business Administration, shall  
16          issue guidance providing that payroll costs paid or  
17          incurred during the covered period shall not fail to  
18          be treated as qualified wages under this section by  
19          reason of an election under paragraph (1) to the ex-  
20          tent that a covered loan of the eligible employer is  
21          not forgiven by reason of a decision under section  
22          2(j) of the RESTART Act. Terms used in the pre-  
23          ceding sentence which are also used in section 3 of  
24          such Act shall have the same meaning as when used  
25          in such section.”.

1 (k) SPECIAL RULES FOR SEASONAL AND NEW BUSI-  
2 NESSES.—

3 (1) IN GENERAL.—The Administrator and the  
4 Secretary shall develop special rules and procedures  
5 for eligibility, calculation of full-time employees, loan  
6 terms, and loan forgiveness for—

7 (A) covered loans made to eligible recipi-  
8 ents that are seasonal that do not have suffi-  
9 cient revenue to fully benefit from assistance  
10 provided under this section; and

11 (B) covered loans made to eligible recipi-  
12 ents formed after January 1, 2019, that do not  
13 have sufficient revenue to fully benefit from as-  
14 sistance provided under this section.

15 (2) LOAN AMOUNT.—The Administrator and  
16 the Secretary shall develop terms with respect to the  
17 loan amount of a covered loan for the eligible recipi-  
18 ents described in paragraph (1) to provide consistent  
19 support to those eligible recipients relative to an ex-  
20 isting or a non-seasonal eligible recipient.

21 (3) PROHIBITION.—An eligible recipient formed  
22 after January 1, 2019, shall not be eligible for loan  
23 forgiveness under this section.

24 (l) TRANSPARENCY.—

1           (1) REPORTING.—The Administrator shall col-  
2           lect and publish information in searchable and  
3           downloadable format on eligible recipients of covered  
4           loans, including—

5                   (A) the name of each eligible recipient with  
6                   not fewer than 50 full-time employees that re-  
7                   ceived a covered loan, which shall be published  
8                   on a monthly basis;

9                   (B) aggregate demographic information of  
10                  applicants that applied and applicants that were  
11                  approved for a covered loan, which shall be pub-  
12                  lished on a weekly basis;

13                  (C) the number of loan applications re-  
14                  ceived and total loan amount requested, the  
15                  number of loan applications awaiting disposition  
16                  and the total loan amount awaiting disposition,  
17                  the number of loan applications rejected and  
18                  the total loan amount rejected, and the number  
19                  of loan applications approved and the total loan  
20                  amount approved by each lender, which shall be  
21                  published on a weekly basis;

22                  (D) aggregate total loan volume approved  
23                  broken down by the applicable North American  
24                  Industry Classification System code and by



1 State, which shall be published on a weekly  
2 basis;

3 (E) details on the total number of employ-  
4 ees, loan size, applicable North American In-  
5 dustry Classification System code, and head-  
6 quarters location of each eligible recipient of a  
7 covered loan, which shall be published on a  
8 monthly basis; and

9 (F) the name of and loan amount forgiven  
10 for each eligible recipient of a covered loan with  
11 not fewer than 50 full-time employees, with ag-  
12 gregate loan amount forgiveness data provided  
13 for all eligible recipients of covered loans, which  
14 shall be published in a final report not later  
15 than December 31, 2022.

16 (2) MULTIPLE APPLICATIONS.—To the extent  
17 possible, the Administrator should endeavor to de-  
18 duplicate multiple applications for a covered loan  
19 submitted by the same applicant to different lenders  
20 for purposes of public reporting.

21 (3) INFORMATION FROM BORROWERS.—The  
22 Administrator shall require lenders of covered loans  
23 to collect information from eligible recipients and  
24 submit the information to the Administrator for the

1 purpose of meeting the reporting requirements in  
2 paragraph (1).

3 (m) SEPARATION OF FUNDS AND BANKRUPTCY  
4 TREATMENT.—

5 (1) SEPARATION OF FUNDS.—An eligible recipi-  
6 ent of a covered loan shall—

7 (A) separately account for, and not com-  
8 mingle with other funds, the proceeds of the  
9 covered loan; and

10 (B) account in detail for the use of the  
11 proceeds.

12 (2) BANKRUPTCY TREATMENT.—

13 (A) IN GENERAL.—If an eligible recipient  
14 of a covered loan is a debtor in a case under  
15 chapter 7 or 13 of title 11, United States Code,  
16 and the covered loan is still outstanding on the  
17 date of the commencement of the case—

18 (i) any interest of the eligible recipient  
19 in the proceeds of the covered loan shall  
20 not be included in the property of the es-  
21 tate; and

22 (ii) the amount of the proceeds of the  
23 covered loan that were not expended on al-  
24 lowable expenses described in subsection

1 (g)(2) or forgiven under subsection (j) shall  
2 be transferred to the Federal Government.

3 (B) UNRECOVERED AMOUNTS ON COVERED  
4 LOANS.—Nothing in subparagraph (A) shall  
5 preclude the Federal Government from pur-  
6 suing a claim in a case under chapter 7 or 13  
7 of title 11, United States Code, with respect to  
8 the difference, if any, between the amount due  
9 to the Federal Government on a covered loan  
10 and the amount that was transferred under  
11 subparagraph (A)(ii).

12 (n) AUTHORIZATION OF APPROPRIATIONS.—There is  
13 authorized to be appropriated to the Administration—

14 (1) such sums as may be necessary to carry out  
15 this section, to remain available until December 31,  
16 2020; and

17 (2) \$150,000,000, to remain available until ex-  
18 pended, for administrative purposes to update tech-  
19 nologies to allow for digital case management, elec-  
20 tronic submissions, and increased telecommuni-  
21 cations related to the program under this section.

○