



MEMO

TO: US Senator Martha McSally
US Senator Kyrsten Sinema
Congressman Andy Biggs
Congressman David Schweikert
Congressman Greg Stanton
FROM: East Valley Chambers of Commerce Alliance
DATE: March 25, 2020

RE: CARES Act

The East Valley Chambers of Commerce Alliance (EVCCA) has put forward the following proposal. Both the COVID-19 crisis and the federal policy response are evolving rapidly, and we expect to refine this plan as the situation develops. We are working closely with other organizations, including the US Chamber, which has developed a proposal broadly aligned with this one.

Businesses around the country have seen an unprecedented collapse in revenue. The federal government must respond aggressively and quickly to keep businesses solvent through the crisis. Doing so will prevent a surge in demand for unemployment insurance and emergency health insurance, and it will reduce the potential for a catastrophic economic decline. We are all in this together. When life returns to normal, we need businesses to be ready to rebuild the economy and restore the vitality of our communities.

In addition to the U.S. Small Business Association (SBA) Disaster Loans, a top priority must be grants, business interruption insurance coverage and subsidies. While expanding lending is important, it must be done in conjunction with direct assistance in the form of grants and subsidies. Small businesses crippled by debt is not a solution.

The following include recommendations from the U.S. Chamber of Commerce and the Institute for Local Self Reliance.

Grants and subsidies to bridge the crisis

Grants and subsidies, not loans, must be a priority. Businesses including independent contractors, self-employed and local non-profits need a bridge to weather this crisis, keep their staff employed, and be in a position to lead an economic recovery. Many small business owners are worried about taking on excessive debt in a volatile and highly uncertain economy. Direct cash assistance is critical to enabling small business owners to weather this storm.

Automatic, rapid-response grants to keep small businesses afloat

1. The federal government should quickly provide an infusion of cash to enable small businesses (with fewer than 500 employees) to bridge the immediate crisis to maintain payroll over the next three months and the loan can be forgiven, up to \$50,000 per employee. A 2016 study found that half of small businesses have a cash buffer of less than 27 days. For restaurants, the median buffer is only 16 days.
2. The federal government should quickly provide grants to small businesses affected by the crisis to meet immediate needs over the next 4 months, including payroll, health insurance, rent, mortgage payments, and utilities. These grants should be issued automatically to small businesses in heavily impacted sectors, including retail and restaurants. The United Kingdom has done this, automatically providing grants of £25,000 (\$29,000) to all small retail, hospitality, and leisure businesses.
3. Many small businesses are trying to decide right now if they should cut further losses by going out of business immediately, thereby adding themselves and their employees to the unemployment rolls. Providing an immediate grant will give small businesses assurance so they can make the decision to stay in business.

Payroll subsidies

1. Cancel payment of all payroll taxes typically paid by employers for March, April, and May. Because this crisis may extend for months, small businesses will need additional support in the form of subsidies, perhaps tied to payroll. Reimbursing small businesses for their payroll costs during this and future periods of social distancing will allow them to keep their staff intact and be ready to resume operations providing a better long-term solution than swelling the unemployment rolls.

Business Interruption Insurance Coverage

If the federal government acted to cover the COVID-19 virus under current businesses interruption insurance policies and reimburse the insurance companies directly it would likely expedite getting money directly to small business owners.

Low- and no-interest loans

Expand and streamlining loan programs for small businesses (with fewer than 500 employees) experiencing revenue loss as a result of the coronavirus.

Expand the Small Business Administration's Economic Injury Disaster Loan Program, which provides direct loans for working capital of up to \$2 million. These loans should be made interest-free, with no payments for a year, and the current requirement that businesses demonstrate that no other credit is available should be waived. (To support as many small businesses as possible, we oppose raising the loan cap for disaster loans.)

Expand the Small Business Administration's 7(a) loan guarantee program by \$50 billion dollars, increase the share guaranteed to 100%, and suspend borrower and lender fees. Work with banks and credit unions to accelerate loan approvals and disbursements.

Fund Community Development Financial Institutions, Chambers of Commerce, local business organizations, municipal economic development offices, and similar entities to do outreach and provide assistance to small businesses in applying for grants and loans.

Direct the nation's banking regulatory agencies to give banks and credit unions latitude to suspend loan payments for small business borrowers, restructure loans, and relax underwriting requirements for small businesses. Use Treasury or Federal Reserve financing to ensure banks remain solvent as they meet small business needs.

The federal government should provide block grants to states to fund lending and other programs that address the needs of small businesses.

Suspend evictions, foreclosures, and utility shut-offs

There should be a nationwide suspension of commercial evictions, foreclosures, and utility shut-offs for small businesses. Several cities and states, including Kansas and New York, have already taken this step. It should be adopted nationwide to give small businesses basic security in the coming months. These businesses also need financial relief for their sacrifice of income. While they are helping to keep doors open for their tenants, someone has to help them pay the bills of doing so.

Support for employees and customers

We strongly support measures to provide cash assistance, healthcare coverage, and other support to individuals. Small businesses depend on their customers and employees. Ensuring that working people can weather this crisis will be critical to the survival of small businesses and to their capacity to generate an economic recovery when it's over. We're all in this together.

Enable the creation of credit facilities to provide loans and loan guarantees to employers with more than 500 employees experiencing significant revenue loss as a result of the coronavirus

We appreciate your support of our business community in the past and we hope we can count on your support during this unprecedented economic uncertainty facing our small businesses. Please reach out if we can provide any assistance. Thank you for your service,

Sincerely,

APACHE JUNCTION CHAMBER OF COMMERCE
Denise Hart
(480) 982-3141
ceo@ajchamber.com

CAREFREE CAVE CREEK CHAMBER OF COMMERCE
Patty Villeneuve
(480) 488-3363
director@carefreecavecreek.org

FOUNTAIN HILLS CHAMBER OF COMMERCE

Betsy LaVoie

(480) 837-1654

betsy@fountainhillschamber.com

GILBERT CHAMBER OF COMMERCE

Kathy Tilque

(480) 941-6322

kathy@gilbertchamber.com

MESA CHAMBER OF COMMERCE

Sally Harrison

(480) 969-1307

sharrison@mesachamber.org

QUEEN CREEK CHAMBER OF COMMERCE

Chris Clark

(480) 888-1709

Chris@queencreekchamber.com

SCOTTSDALE CHAMBER OF COMMERCE

Mark Stanton

(602) 799-2401

mstanton@scottsdalechamber.com

TEMPE CHAMBER OF COMMERCE

Anne Gill, CEO

(480) 736-4280

anne@tempechamber.org