

Congress of the United States
Washington, DC 20515

February 12, 2021

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue Northwest
Washington, D.C. 20220

The Honorable Tami Perriello
Acting Administrator
U.S. Small Business Administration
409 Third Street Southwest
Washington, D.C. 20416

Dear Secretary Yellen and Acting Administrator Perriello:

We write to you today to request that the Small Business Administration (SBA) provide its interpretation of Division N, Title III, Sec. 313 of the Consolidated Appropriations Act of 2021, P.L. 116-260, titled: “Calculation of Maximum Loan Amount for Farmers and Ranchers Under the Paycheck Protection Program.” In addition, as the authors of, and advocates for, this provision, we aim to provide you information that may be useful for your interpretation of legislative intent. We believe Sec. 313 provides the SBA the authority to apply the new maximum loan calculations included in this provision to partnerships, limited liability companies, and any other farm or ranch entity taxed as a partnership reporting self-employment income on tax form Schedule F.

Sec. 313 provides a new maximum loan calculation to an eligible recipient that “operates as a sole proprietorship or as an independent contractor, or is an eligible self-employed individual.” Under the original statute creating the Paycheck Protection Program (PPP) in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136, these same small business organizations were singled out for eligibility, which the SBA broadly interpreted to include partnerships and limited liability companies. However, farmers and ranchers without payroll or positive net income in 2019 were shut out of the original PPP. Therefore, we drafted this provision to provide as many farmers and ranchers as possible with an alternative calculation to increase their eligibility for the PPP and anticipated that the SBA would apply the same broad interpretation of sole proprietorship, independent contractor, or self-employed individual.

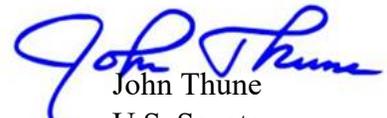
Many farmers and ranchers in our states and districts organized as partnerships or limited liability companies have been unable to apply for loans under the new calculation because of the confusion around this narrow interpretation even though they file self-employment income on a tax form Schedule F. Therefore, we urge you to act as swiftly as possible to clarify that all farmers and ranchers reporting self-employment income on tax form Schedule F can access this new formula created by Sec. 313. Our offices stand ready to provide any additional information you may need to clarify this provision of the bill.

Sincerely,


Tammy Baldwin
U.S. Senator


Joni K. Ernst
U.S. Senator


John Hoeven
U.S. Senator


John Thune
U.S. Senator


Ron Kind
Member of Congress