

SENATE INTERIM COMMITTEE ON LABOR AND BUSINESS:

CORONAVIRUS IMPACT ON SMALL BUSINESS

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NFIB QUICK SNAPSHOT

- NFIB is the nation's leading small business advocacy organization.
- 300,000 members nationwide
- 6,000 members in Oregon
- Prior to COVID-19, 90% of NFIB members in Oregon had fewer than 25 employees.



PAYCHECK PROTECTION PROGRAM

- The federal Paycheck Protect Program has quickly become a lifeline for small businesses.
- As of our latest survey on May 18, 80% of NFIB members had applied for a PPP loan.
- Of those who applied, 90% already had already received their funding. (Survey submitted to OLIS as a separate exhibit)



PAYCHECK PROTECTION PROGRAM

- Most of those loans were deposited between mid-April and mid-May.
- Nearly 60% of loan recipients are now up against the clock and must use the money before the end of June, due to the requirement that funds be used within 8 weeks.



PAYCHECK PROTECTION PROGRAM

- PPP loans are forgivable, which is the main reason for the popularity of the program.
- But several features of the program impact loan forgiveness – and remain a challenge for small businesses.
- Unforgiven, or partially forgiven, PPP loans revert to a two-year loan at 1% interest.



PAYCHECK PROTECTION PROGRAM

Last week, the U.S. House addressed many of these issues with the passage of H.R. 7010 – the Paycheck Protection Program Flexibility Act:

- Extends the PPP program duration from June 30, 2020 to December 31, 2020, allowing businesses who have not yet applied additional time.
- Extends the PPP forgiveness period from 8 weeks to 24 weeks, allowing small business owners more time to restore employment levels and hours.
- Reduces the 75% requirement on payroll costs to 60%, allowing for more flexibility for nonpayroll costs such as mortgage interest, rent/lease payments, and utilities.
- Allows PPP recipients to also defer payroll taxes, which they were previously ineligible to do, providing additional cashflow.
- Improves PPP loan terms for new loans by extending the maturity date from 2 years to 5 years. (The U.S. Senate could vote on this legislation as soon as this week.)



MOVING FORWARD

- The CARES Act, which established the PPP loans, also provided an extra \$600 a week on top of what states pay in unemployment benefits.
- Nearly one in five NFIB members have already reported that an employee has declined an offer to return to work in order to continue receiving unemployment benefits.



MOVING FORWARD

As Oregon eases restrictions in the phased roll-back of the stay-at-home orders, many more small businesses will be competing with the \$600 supplemental UI program to rehire workers, especially if Congress extends this feature of the CARES Act past the current July 31 expiration date.



MOVING FORWARD

At best, the federal programs, while absolutely critical, are only intended to give our small businesses a chance to survive in the short-term.

Getting Oregonians back to work is the best way to take pressure off Oregon's income tax-dependent state budget, and key programs, like the Unemployment Insurance safety net.



MOVING FORWARD

The Oregon Legislature should work to create a pro-small business agenda that:

- Provides additional temporary relief from increased taxes and labor costs
- Emphasizes the importance of jobs
- Promotes long-term economic growth



OREGON POLICY RECOMMENDATIONS

(JUST A FEW AMONG MANY GOOD OPTIONS)

- Delay the schedule of minimum wage increases
- Delay the implementation of the CAT
- Provide coronavirus-related business liability protection
- Prohibit new spending that is not directly tied to coronavirus recovery, including agency rulemakings.
- Protect businesses from future UI rate increases
- Protect our exemplary Workers' Comp system



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QUESTIONS?

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