

September 2, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate

The Honorable Chuck Schumer
Minority Leader
U.S. Senate

The Honorable Marco Rubio
Chairman, Committee on Small Business
and Entrepreneurship
U.S. Senate

The Honorable Ben Cardin
Ranking Member, Committee on Small Business
and Entrepreneurship
U.S. Senate

Dear Leaders McConnell and Schumer and Senators Rubio and Cardin:

The Paycheck Protection Program (PPP) has been a lifeline for small businesses across the country struggling to deal with the COVID-19 crisis. As Congress considers new legislation to provide additional assistance to the economy and business, we strongly support provisions of the Continuing Small Business Recovery and Paycheck Protection Program Act to create the opportunity for eligible businesses to receive second Paycheck Protection Program loans. We are also very pleased to see that the new bill would expand allowable and forgivable uses of PPP loans in the program to include payments to suppliers. To ensure this critical assistance provides the greatest benefit, however, changes are needed to the definition of “covered supplier cost.”

Covered supplier cost is defined as “an expenditure made by an entity to a supplier of goods pursuant to a contract in effect before February 15, 2020 for the supply of goods that are essential to the operations of the entity at the time at which the expenditure is made.” This definition is problematic in many ways and does not take into account the way different industries do business.

Many distributor customers purchase products on an as-needed, order-by-order basis. In such an arrangement, no formal written contract may exist. Thus, it is possible that each order could be considered a new “contract”. In this example, the definition of covered supplier costs would not include any purchases made after February 15.

Restricting allowable and forgivable payments to product contracted for in February is also not practical, especially for second draw PPP loans that would not become effective until the next bill is enacted. We would urge changes be made to this definition in order to ensure that PPP recipients have the greatest flexibility regarding how to use their funds.

Thank you for your work to provide the PPP lifeline that has been so critical to distributor companies and their customers. We look forward to working with you to ensure the program continues to provide the maximum possible value for our economy as we work to get through this difficult time.

Sincerely,

Associated Equipment Distributors
Association for Hose & Accessories Distribution (NAHAD)
Auto Care Association
Convenience Distribution Association
DHI – Door Security + Safety Professionals

Equipment Marketing & Distribution Association (EMDA)
Foodservice Equipment Distributors Association
FPDA – The Motion & Control Network Association (FPDA)
Heating, Air-Conditioning and Refrigeration Distributors International (HARDI)
International Association of Plastics Distribution
International Dairy Foods Association
International Foodservice Distributors Association
International Sealing Distribution Association (ISD)
Material Handling Equipment Distributors Association
National Association of Electrical Distributors
National Association of Agriculture Perishable Receivers
National Association of Wholesaler-Distributors
National Fisheries Institute
National Insulation Association
National Marine Distributors Association
National Restaurant Association
Outdoor Power Equipment and Engine Service Association
Pet Industry Distributors Association
Petroleum Equipment Institute
Security Hardware Distributors Association (SHDA)
Textile Care Allied Trades Association
United Fresh Produce Association
Wholesale Florist & Florist Supplier Association (WF&FSA)