

May 21, 2020

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Chuck Schumer  
Democratic Leader  
United States Senate  
Washington, DC 20510

Dear Speaker Pelosi, Leader McConnell, Leader Schumer and Leader McCarthy,

The National Utility Contractors Association (NUCA) represents the construction contractors, manufacturers, distributors and service providers needed to build and repair America's water and wastewater infrastructure. NUCA's membership includes several companies with 500 or fewer employees who are considered small businesses by the Small Business Administration (SBA). NUCA has a vested interest in the Paycheck Protection Program (PPP) in the face of the COVID-19 pandemic. We are writing to request immediate action regarding the PPP, which currently provides a lifeline to utility construction contractors across the country.

State and local governments have been hit especially hard by the coronavirus pandemic. Because NUCA members regularly work on behalf of municipal entities who oversee public works, water and wastewater infrastructure projects are particularly threatened underscoring the importance of PPP loans to NUCA members across the country.

NUCA encourages the consideration of minor adjustments to the PPP following Interim Final Rules (IBR) recently issued by the SBA.

**Remove Requirement to Dedicate at Least 75% of a PPP Loan to Payroll Costs**

The Coronavirus Aid, Relief and Economic Security (CARES) Act allows small businesses to use PPP loans toward payroll costs, rent or mortgage interest payments, and utility costs. While the CARES Act left decisions regarding what portions of a PPP loan would apply to which eligible costs, SBA has required that at least 75% of a loan must be used for payroll costs. NUCA believes this requirement is arbitrary and should be eliminated from PPP eligibility criteria.

In order to keep its workers paid and employed in the face of this pandemic, construction businesses with a PPP loan will have to pay key costs in addition to payroll, such as rent, mortgage interest and utility payments, as specified in the CARES Act. A construction company that loses its brick and mortar facilities because of inability to pay rent, mortgage or utility costs will not be able to continue its operations, making it impossible to pay its employees.

**Extend the June 30 Safe Harbor Date for PPP Loan Certifications, Rehiring and Restoration of Pay**

Since the CARES Act was signed into law in March 2020, economic conditions have gone from bad to worse. While many anticipated when the CARES Act was signed into law that the economy would be up and running by the end of June, many states, towns and municipalities have extended stay-at-home and shutdown order beyond the June 30, 2020, deadline for PPP applications.

Therefore, NUCA believes that SBA and the Treasury Department should clarify that construction firms actively working on current projects but continue to face ongoing economic uncertainty will be deemed to have certified "in good faith" that ongoing economic uncertainty makes their loan requests.

For these same reasons, NUCA believes SBA should extend the June 30, 2020 safe harbor date for rehiring and restoration of pay.

**Eliminate Six Month Repayment Requirement for PPP Loans**

The CARES Act requires PPP lenders to provide payment deferral for borrowers for at least six months but not more than one year. However, SBA provides for only six months deferral after the date of loan disbursement. While this time period may have seemed appropriate at the time SBA published the IFR, the economy has only declined. Again, states and localities across the country have extended shutdown orders, and it remains unknown when American businesses will recover from the economic turndown.

Based on the flexibility provided in the CARES Act, NUCA believes the SBA should revise the six-month loan deferment period to the one year as allowed under the statute.

**Extend Two Year Repayment Period to Five Years**

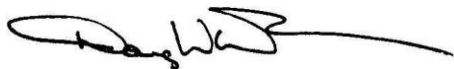
Although the CARES Act allows for a 10-year repayment period from when the borrower applies for PPP loan forgiveness to repay the loan, SBA has specified a maximum repayment period of only two years. As mentioned above, economic conditions have only deteriorated, and this is particularly true for construction. NUCA members are being hit especially hard because of their reliance on public dollars that regularly pay for critical water and sewer projects.

Because of these ongoing uncertainties, we believe SBA should extend the loan repayment period from two years to five years.

NUCA and its members across the country are grateful for the creation, development, and implementation of the PPP. However, while the current rules made sense when the program was established and it was expected that stay-at-home orders would last only a few weeks.

These adjustments would ensure NUCA members and small businesses across the country have the capital needed to pay the rent, confirm vendor contracts, and other necessary expenses while keeping their people on the payroll. The extended deadlines recommended above would provide for a more confident return to work consistent with the phased reopening. We thank you for your consideration.

Best regards,



Doug Carlson  
Chief Executive Officer