



April 9, 2020

The Honorable Peter F. Welch
U.S. House of Representatives
2187 Rayburn House Office Building
Washington, DC 20515

Dear Representative Welch,

Thank you for your actions to address the health and economic impacts of the COVID-19 pandemic, including your support of legislative relief packages recently signed into law. While much of the business community will benefit from relief included in the Families First Coronavirus Response Act (FFCRA) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act, many businesses require additional resources to mitigate the developing economic crisis. Within this letter, we have outlined several suggestions for the next phase of federal relief.

Tourism represents Vermont's second largest economic contributor with restaurants and lodging establishments serving as the backbone of Vermont's rural economy. Long before state action was taken to temporarily close most of these businesses, the industry felt the economic impact of the crisis in the form of cancellations and reduced guest throughput. With mandated statewide closures in effect, most of these businesses will have no hope of organic cashflow for months. This problem is not unique to the tourism sector. To assist businesses in meeting basic financial obligations, we recommend that federal relief include additional financial resources in the form of grants or forgivable loans with widely achievable qualifying criteria. Part of these resources would ideally also include funding to enhance domestic tourism promotion to assist rural states in restarting tourism sectors devastated by COVID-19 mandated closures.

The business community is appreciative of efforts to support furloughed workers. However, employers are concerned by the competing incentives created by the Unemployment Insurance (UI) benefit increases contained in the CARES Act. The level of compensation currently available to UI claimants is often difficult or impossible for employers to compete with through regular payroll allocations. When employers use the Paycheck Protection Program (PPP) to rehire or maintain workers, those employers risk creating a contentious dynamic with their employees by preventing them from accessing the now more lucrative UI benefits. We recommend this aspect of the CARES Act be reviewed and adjusted to address this growing problem.

Employers are appreciative of PPP. For many the program will serve as means to maintain a workforce that may have otherwise faced extended furloughs. To improve PPP further, we recommend increasing overall funding for the program and extending eligibility to 501c(6)

organizations. This would provide local chambers of commerce and other economic development organizations the means to protect their own workforce and operational capabilities, so that they may serve as a resource to others during this crisis. Further, we recommend that explicit guidance be issued to clarify that PPP can be used for temporary pay increases. Use of PPP for pay increases would help encourage the workforce to remain with employers, while also offering a level of additional compensation to address the elevated risk associated with remaining in onsite work conditions during the crisis. We also recommend maximum loan amounts be extended to three months after a restaurant is permitted to reopen and operate at full capacity. Doing so will better account for the anticipated extension of mandated closures and anticipated slow reopening periods. We would additionally recommend that loan repayment periods for unforgiven portions of PPP loans be extended to ten years from the current two-year deadline.

Vermont's banks and credit unions are playing a crucial role in providing PPP loans. Since Friday, April 3, 2020, Vermont banks and credit unions submitted and received approvals of nearly 800 PPP loan applications, amounting to \$336.8 million in commitments. That funding is provided by our banks and credit unions, which contributes to a rapid drawdown of capital. To the extent that Congressional involvement is necessary, please work with the Treasury to secure establishment of a secondary market for PPP loans. Doing so will help ensure Vermont banks and credit unions are able to recapitalize and continue to be a vital piece of the Vermont economy going forward.

Businesses are also concerned about eligibility limitations for relief resources. Various provisions in the CARES Act are limited in scope depending on a business's employee count. For instance, the use of Employee Retention Tax Credits can be limited to businesses with less than 100 employees. While much of Vermont's business community falls under this threshold, many of our businesses do not. We recommend you expand eligibility for this and other relief programs to better account for some of Vermont's larger businesses.

The Vermont Chamber of Commerce is appreciative of your willingness to maintain a continuous dialogue with Vermont businesses during these turbulent times. We look forward to working with you to address the above recommendations. Please contact Charles Martin at cmartin@vtchamber.com with any questions.

Sincerely,



Betsy Bishop
President