



June 5, 2020

Support the Paycheck Protection Program Second Chance Act, S. 3865

On behalf of FreedomWorks' activist community, I urge you to contact your senators and ask them to cosponsor the Paycheck Protection Program (PPP) Second Chance Act, S. 3865, introduced by Sen. Rob Portman (R-Ohio) and cosponsored by Sens. Ben Cardin (D-Md.), James Lankford (R-Okla.), and Cory Booker (D-N.J.). The PPP Second Chance Act would fix a glaring issue with Small Business Administration's (SBA) implementation of the PPP in which the SBA was over-broadly discriminating against businesses owners who have a past criminal record.

After government responses to COVID-19 forced innumerable businesses across our country to shut their doors, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This bill established the PPP, which directed the SBA to administer loans to affected small businesses in order to help them cover operating costs and payroll while they were mandated by the government to close. However, as with most legislation passed by Congress, the specifics of the implementation of the program was left to bureaucracy. In this instance, rules promulgated by the SBA to implement the PPP created more problems, as bureaucracy usually does.

Among these problems was language in a rule that excluded whole companies from PPP loan eligibility if any owner of 20 percent or more is currently involved in the justice system or has a particular criminal background. The rule dictating this states that such businesses are ineligible if “[a]n owner of 20 percent or more of the equity of the applicant is incarcerated, on probation, on parole; presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or has been convicted of a felony within the last five years.”

Such a policy runs counter to everything that the Trump administration has indicated and shown it stands for regarding second chances for those who have criminal histories but have turned their lives around. Certainly, individuals with criminal histories who now own 20 percent or more of a

company who have turned their lives around should not face government discrimination due to their existing record, unless perhaps the record is directly relevant to the government program.

To fix this misimplementation of the PPP, this bipartisan group of senators has introduced the PPP Second Chance Act, which makes explicitly clear that businesses with an owner whose criminal history would render them ineligible for PPP loans under existing SBA rules would be eligible for PPP loans unless the owner is currently incarcerated or the owner's criminal history includes a felony of financial fraud or deception within the past five years.

Enactment of this bill would ensure that government policy encourages success of those who have criminal records, as the spirit of second chances and criminal justice reform should always be toward rewarding successful return to society and breaking down barriers for such a return. It certainly must not unnecessarily push individuals toward recidivism instead of rehabilitation.

For these reasons, I urge you to contact your senators and ask them to cosponsor the PPP Second Chance Act, S. 3865.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Brandon', with a stylized flourish at the end.

Adam Brandon
President, FreedomWorks