

PPP Flexibility for Farmers, Ranchers, and the Self-Employed Act

SECTION-BY-SECTION

Section 1: Short title

- The “PPP Flexibility for Farmers, Ranchers, and the Self-Employed Act”

Section 2: Calculation of Maximum PPP Loan Amount for Farmers and Ranchers

- Amends section 7(a)(36)(V) of the Small Business Act¹ to make farming partnerships with gross farming income from self-employment eligible to use an alternative “gross revenue” loan calculation formula.
- Adds a new definition to section 7(a)(36)(V) stating that “gross income for members of partnerships” is the covered recipient’s distributive share of net earnings from self-employment from the partnership.
- Applies this section retroactivity as if in effect on the day the CARES Act was enacted (March 27th, 2020).
- Directs SBA Administrator to create a process to allow eligible applicants to request a recalculation of the amount of a covered loan and receive a payment that is equal to the difference between the amount of the covered loan originally received by the eligible applicant and the amount of the covered loan based on the application of this section.

Section 3: Revisions to Loan Amount Calculation and Eligibility

- Applies the alternative “gross revenue” loan calculation provided by the SBA’s interim final rule entitled “Business Loan Program Temporary Changes; Paycheck Protection Program – Revisions to Loan Amount Calculation and Eligibility”, Docket Number SBA–2021–0010” retroactively to eligible applicants that file IRS form 1040, Schedule-C.
- Retroactivity goes back to December 27, 2020, the date of enactment of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (title III of division N of Public Law 116–260).
- Directs SBA Administrator to create a process to allow eligible applicants to request a recalculation of the amount of a covered loan and receive a payment that is equal to the difference between the amount of the covered loan originally received by the eligible applicant and the amount of the covered loan based on the application of this section.
- The one-loan per eligible applicant limit on second draw loans does apply to this section. This allows the SBA Administrator to make supplemental payments as a new loan if necessary for expedient implementation of the program.
- Applies to both paragraph (36) and (37) loans.

Section 4: Maximum Amount of Second Draw Loan

- Increase the second draw maximum loan amount for certain eligible entities.
- Provides that an entity that is both eligible for a second draw loan AND would have been entitled to an increase in their original PPP loan under section 312 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (title III of division N of Public Law 116–260) but for having already received forgiveness, may have the increase added to their second draw loan.
- Applies this section retroactivity as if in effect on the day the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act was enacted (December 27, 2020).

¹ Added by section 313 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (title III of division N of Public Law 116–260).

Section 5: Eligibility for Second Draw Loans

- Amends calculation of revenue loss from a quarter-over-quarter analysis to any contiguous 90-day period to determine eligibility for paragraph (37) second draw loans.

Section 6: Extension

- Extends time for SBA to use administrative funding provided by the Paycheck Protection Program and Health Care Enhancement Act from end of FY2021 to “until expended”. This change is necessary to prevent costly and time consuming restructuring of pandemic related contracts.
- Harmonized the set-aside authority in the Economic Aid Act with the program extension to June 30, 2021 in the PPP Extension Act (enacted March 30, 2021).