

United States Senate
WASHINGTON, DC 20510

July 22, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
The Capitol, S-230
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
The Capitol, S-221
Washington, DC 20510

The Honorable Marco Rubio
Chairman
U.S. Senate Committee on Small Business
& Entrepreneurship
428A Russell Senate Office Building
Washington, DC 20510

The Honorable Ben Cardin
Ranking Member
U.S. Senate Committee on Small Business
& Entrepreneurship
428A Russell Senate Office Building
Washington, DC 20510

Dear Senators McConnell, Schumer, Rubio, and Cardin

Restaurants and food supply chain workers in our states need your help. Recent improvements to the Paycheck Protection Program (“PPP”) provided small businesses with increased forgiveness of non-payroll costs, but for business like restaurants that expend a large percentage of their costs on materials, more flexibility is necessary. We urge you to amend the PPP so that forgivable costs include those for raw materials, supplies, and inventory.

The COVID-19 pandemic has done immense economic injury to restaurants across the country. Prior to the pandemic, restaurants hosted us for celebrations, business meetings, and family gatherings. As Americans, we spent half of our pre-pandemic food dollars on meals eaten outside the home. After the pandemic hit, restaurant sales plummeted to levels not seen in 37 years. The National Restaurant Association predicts that lost 2020 sales will total \$240 billion.

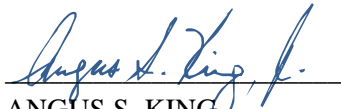
As the pandemic continues, losses to restaurants will continue to mount. Initial reopening phases restrict restaurants to stringent capacity limitations that make it difficult or impossible for them to turn a profit. The public health situation may require reopening rollbacks, which will only further depress the business of restaurants and the food supply businesses that keep them stocked.


Restaurants that are fighting for survival require aid that is equal to their immense challenge. Often, restaurants spend just one-third of their costs on payroll. The remaining two-thirds of restaurant costs often are split evenly between fixed costs – like those for mortgages, rent, and equipment – and food supply costs. Plainly stated, a full two-thirds of restaurant costs often are spent on items other than payroll. PPP aid should better match the real costs that restaurants face.


The Small Business Administration (“SBA”) 7(a) loan program already recognizes the breadth of costs that restaurants face, and we think that by ensuring that small businesses can spend up to 40 percent of their PPP loans on non-payroll costs, the Paycheck Protection Program Flexibility Act made a good start. Material-intensive businesses like restaurants require Congress to take one further step: to permit PPP forgiveness for the cost of raw materials, supplies, and inventory.

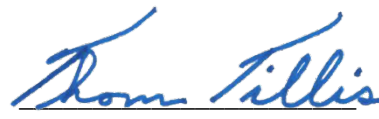
By matching PPP forgiveness to the needs of restaurants, Congress will ensure that these cornerstones of our communities are ready to welcome us back when we all can be together again. Additionally, PPP forgiveness for material costs will support the people who work hard to grow and raise the food that we eat. We urge you to support our food supply chain workers and the restaurants that serve their products. Thank you for your consideration of this important request.

Sincerely,



ANGUS S. KING
United States Senator


STEVE DAINES
United States Senator


CORY GARDNER
United States Senator


THOM TILLIS
United States Senator


SHELLEY MOORE CAPITO
United States Senator


JONI K. ERNST
United States Senator


ROGER F. WICKER
United States Senator