

National Association of Manufacturers

May 6, 2020

We wanted to share two updates on the Paycheck Protection Program:

First, the Small Business Administration issued an update to its PPP [FAQ document](#) that called into question the previously announced methodology for the program's employee headcount test. The NAM is working to get clarification on this issue from the SBA, and we will continue to work to ensure that manufacturers can qualify for the PPP under the previously announced terms of the program.

Second, the chairman and ranking member of the Senate Finance Committee, along with the chairman of the House Ways and Means Committee, have again [pushed back](#) on the Treasury Department's CARES Act implementation. This time they have challenged guidance from the IRS that denies the deduction of trade or business expenses (e.g., payroll) associated with forgiven PPP loans, which are not taxable under the CARES Act. The congressional leaders say that the IRS guidance "is contrary to congressional intent" and are urging Treasury to reverse its position, which would undermine the liquidity support provided by PPP loans. The NAM will continue to ensure that manufacturers' priorities are represented and heard by policymakers.

As always, we welcome your feedback and will keep monitoring the PPP situation closely.

### **Federal Reserve Announces New Details on Liquidity Facilities for Large Employers**

The New York Federal Reserve Bank [announced](#) additional information on the Federal Reserve's Primary Market Corporate Credit Facility and Secondary Market Corporate Credit Facility, which were established to support liquidity for large employers impacted by COVID-19. The announcement indicates that the SMCCF is expected to begin purchasing eligible exchange traded funds in early May. The PMCCF is expected to become operational soon thereafter, and then the SMCCF is expected to begin purchasing eligible corporate bonds.

The updated guidance includes new details that the NAM requested. Notably, the FAQ clarifies that the previously announced restriction on companies that received "specific support pursuant to the CARES Act" only applies to airlines, air cargo carriers and national security businesses receiving funding under Section 4003(b)(1)-(3). And businesses need only count their own employees and those of any consolidated subsidiaries, and not any employees of their parents or sister affiliates, for purposes of the program's requirement that a majority of an issuer's employees be based in the United States. Read the updated FAQ document [here](#).

### **Help Produce PPE and Fix Supply Chain Disruptions**

The NAM's Manufacturers Marketplace connects manufacturers in the U.S. so you can provide critical supplies or find what you need—and it is helping aid efforts to meet demand and deploy resources quickly. The NAM is offering free access to the Manufacturers Marketplace, and members can use the code NAMCOVID-19 until June 30 to complete a free profile. You can sign up [here](#).

Please keep visiting the regularly updated [nam.org/coronavirus](https://nam.org/coronavirus) site for the latest information, including operational guidance, our policy plans and state-specific resources.

Best,

Jay

President and CEO  
National Association of Manufacturers