

Congress of the United States
Washington, D.C. 20515

March 31, 2020

Honorable Steven T. Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue N.W.
Washington, D.C. 20220

Honorable Jovita Carranza
Administrator
Small Business Administration
409 3rd Street S.W.
Washington, D.C. 20416

Dear Secretary Mnuchin and Administrator Carranza,

As the Small Business Administration (SBA) implements requirements stipulated in the CARES Act (P.L. 116-136), we urge you to waive the SBA affiliation rules for small businesses that would otherwise qualify for SBA resources, including the 7(a) loan program. This waiver is vital for allowing companies that, although doing business as an independent entity, have received outside private investment to utilize the needed relief and resources made available to America's small business community by Congress during the novel Coronavirus (COVID-19) pandemic.

The majority of young businesses have fewer than 500 employees and are operating on a month-to-month basis as they grow into their market, creating greater risk to their continued operation and ability to retain employees in the current crisis. According to data provided by the Bureau of Labor Statistics, the majority of job growth that America has experienced since 2014 is with businesses that are less than two-years-old. For many, the ability to enter the marketplace relied on investments by outside pools of investment capital. These funds are often composed of money invested by institutions and public pensions, such as the New Jersey Division of Investment, which manages New Jersey's public pension program, and the Los Angeles County Employees' Retirement Association.

Under current SBA affiliate regulations, small businesses that have investments from outside groups may be required to add the average annual receipts and employment numbers of the total portfolio of the investment fund before applying for small business relief. This may even include investment agreements where businesses have autonomy, with little or no interaction with their investors in their daily operations, and do not have access to greater resources within those funds. For many small businesses, calculating whether they qualify under the affiliation rule alone could be an onerous process. In the face of the current crisis, and to work towards less confusion and uncertainty among the small business community, we ask that the SBA waive affiliation rules for our nation's small businesses that would otherwise meet the revenue and employee count thresholds.

We look forward to your response on this important matter and urge you to utilize all of the tools available to assist our communities.

Sincerely,



Josh Gottheimer
MEMBER OF CONGRESS



Jason Crow
MEMBER OF CONGRESS



Tom Reed
MEMBER OF CONGRESS



Cathy McMorris Rodgers
MEMBER OF CONGRESS