To establish a loan program for businesses affected by COVID–19 and to extend the loan forgiveness period for paycheck protection program loans made to the hardest hit businesses, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. BENNET (for himself and Mr. YOUNG) introduced the following bill; which was read twice and referred to the Committee on ____________________________

A BILL

To establish a loan program for businesses affected by COVID–19 and to extend the loan forgiveness period for paycheck protection program loans made to the hardest hit businesses, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3
4 SECTION 1. SHORT TITLE. 
5 This Act may be cited as the “Reviving the Economy
6 Sustainably Towards A Recovery in Twenty-twenty Act”
7 or the “RESTART Act”.

3PM NO  G46
SEC. 2. EXTENSION OF COVERED PERIOD FOR LOAN FOR-GIVENESS UNDER THE PAYCHECK PROTEC-
TION PROGRAM FOR THE HARDEST HIT BUSI-
NESS.

Section 1106 of the CARES Act (Public Law 116–
136) is amended—

(1) by amending subsection (a)(3) to read as
follows:

“(3) the term ‘covered period’ means—

“(A) except as provided in subparagraph
(B), the 8-week period beginning on the date of
the origination of a covered loan; or

“(B) the period beginning on the date of
the origination of a covered loan and ending on
the later of the date that is 16 weeks after the
date of the origination of the covered loan and
the date that is 8 weeks after the date of enact-
ment of the Reviving the Economy Sustainably
Towards A Recovery in Twenty-twenty Act, if
the eligible recipient of the covered loan—

“(i) has less than 500 full-time equi-

(ii) makes a good faith certification
to the Administrator that, during the 8-
week period described in subparagraph
(A), the eligible recipient suffered a decline
in gross receipts of not less than 25 percent relative to a comparable 8-week period—

“(I) immediately preceding March 2, 2020; or

“(II) during 2019;”; and

(2) in subsection (d)(2), by adding at the end the following:

“(C) EXCEPTION.—This paragraph shall not apply with respect to an eligible recipient described in subsection (a)(3)(B).”.

SEC. 3. RESTART LOAN PROGRAM.

(a) DEFINITIONS.—In this section:

(1) ADMINISTRATION; ADMINISTRATOR.—The terms “Administration” and “Administrator” mean the Small Business Administration and the Administrator thereof, respectively.

(2) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.—The term “community development financial institution” has the meaning given the term in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702).
(3) COVERED LOAN.—The term “covered loan” means a loan made under this section during the covered period.

(4) COVERED PERIOD.—The term “covered period” means—

(A) except as provided in subparagraph (B), and as determined by the eligible recipient of a covered loan, the 6-month period beginning on—

(i) the date of the origination of the covered loan;

(ii) the first day of the next scheduled pay period following the date of the origination of the covered loan;

(iii) the first day of the first full month following the date of the origination of the covered loan; or

(iv) April 15, 2020; or

(B) with respect to an eligible recipient of a covered loan that suffered a decline in gross receipts of more than 80 percent in 2020 as compared to 2019 or in the 6-month period beginning on the date of the origination of the covered loan as compared to a comparable period in 2019, and as determined by the eligible
recipient of a covered loan, the 12-month period
beginning on—

(i) the date of the origination of the
covered loan;

(ii) the first day of the next scheduled
pay period following the date of the origi-
nation of the covered loan;

(iii) the first day of the first full
month following the date of the origination
of the covered loan; or

(iv) April 15, 2020.

(5) ELIGIBLE RECIPIENT.—The term “eligible
recipient”—

(A) means an individual or entity that—

(i) is eligible to receive a loan made
under section 7(a)(36) of the Small Busi-
ness Act (15 U.S.C. 636(a)(36)); or

(ii) has not more than 5,000 full-time
employees;

(B) includes—

(i) a nonprofit organization that—

(I) has not more than 5,000 full-
time employees; and
(II) is not more than 50 percent owned or controlled by a State, local, or Tribal government;

(ii) a business concern that—

(I) deals in rare coins and stamps; and

(II) has not more than 5,000 full-time employees; and

(iii) a business concern that leases or finances equipment to other businesses, if the business concern—

(I) has not more than 5,000 full-time employees; and

(II) is not—

(aa) a mortgage lender; or

(bb) a lender participating in the loan program under section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)).

(6) MINORITY DEPOSITORY INSTITUTION.—The term “minority depository institution” has the meaning given the term in section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note).
(7) NONPROFIT ORGANIZATION.—The term “nonprofit organization” means an entity described in paragraph (3), (5), (6), (7) (related to housing), (12), (13), or (19) of section 501(c) of the Internal Revenue Code and that is exempt from taxation under section 501(a) of such Code.

(8) PAYROLL COSTS.—The term “payroll costs” has the meaning given the term in section 7(a)(36)(A) of the Small Business Act (15 U.S.C. 636(a)(36)(A)), except that such costs shall not include—

(A) qualified wages taken into account in determining the credit allowed under section 2301(g) of the CARES Act (Public Law 116–136); or

(B) any payments made to an independent contractor.

(9) SECRETARY.—The term “Secretary” means the Secretary of the Treasury.

(10) UNDERSERVED BORROWER.—The term “underserved borrower” means any business concern that has traditionally had difficulty accessing finance, including—

(A) business concerns that—
(i) have fewer than 25 employees and
do not have a strong relationship with a
bank;
(ii) are owned or controlled by minori-
ties;
(iii) are owned or controlled by
women;
(iv) are owned or controlled by vet-
erans, including service-disabled veterans
(as those terms are defined in section 3(q)
of the Small Business Act (15 U.S.C.
632(q))); or
(v) are located in low-income and
rural communities, including those in areas
eligible for assistance under section 45D of
the Internal Revenue Code of 1986; and
(B) Tribal business concerns.
(b) ESTABLISHMENT.—The Administrator shall es-
establish a program to guarantee loans made to eligible re-
cipients affected by COVID–19.
(c) PARTICIPATION.—In an agreement to participate
in a covered loan on a deferred basis, the participation
by the Administration shall be 100 percent.
(d) TERMS AND REQUIREMENTS.—
(1) **DURATION.**—Except as provided in paragraph (4), the duration of a covered loan shall be for not more than 7 years.

(2) **AMOUNT.**—

(A) **IN GENERAL.**—The amount of a covered loan made to an eligible recipient shall be not more than the lesser of—

(i) 45 percent of the 2019 gross receipts of the eligible recipient; and

(ii) $12,000,000.

(B) **DUPlication OF ASSISTANCE.**—

(i) **IN GENERAL.**—An eligible recipient of a covered loan shall not use proceeds of the covered loan for the same expenses that are covered using funds received under subsection (a)(36) or (b)(2) of section 7 of the Small Business Act (15 U.S.C. 636) or section 1110 of the CARES Act (Public Law 116–136).

(ii) **REDUCTION BASED ON OTHER SBA LOANS.**—The amount of a covered loan for which an eligible recipient may receive under this section shall be reduced by the amount of any assistance received by the eligible recipient under subsection
(a)(36) or (b)(2) of section 7 of the Small Business Act (15 U.S.C. 636) or section 1110 of the CARES Act (Public Law 116–136) that is intended to be used for the allowable expenses described in subsection (g)(2) during the covered period.

(3) INTEREST RATE.—

(A) IN GENERAL.—Except as provided in paragraph (4), the interest rate on a covered loan shall be, as determined by the Administrator and the Secretary—

(i) for the first 2 years of the covered loan, not less than 2 percent and not more than 4 percent; and

(ii) for the third through seventh years of the covered loan, the Applicable Federal Rate plus 250 to 600 basis points based on the decline in gross receipts of the eligible recipient.

(B) NO PAYMENTS FOR 12 MONTHS.—No payments shall be due on interest on a covered loan for the first 12 months of the covered loan.

(4) SPECIAL PROVISIONS FOR NONPROFIT ORGANIZATIONS.—At the time of application for a cov-
erred loan, a nonprofit organization described in subsection (a)(5)(B) shall make an election—

(A) for a covered loan with a maturity of not more than 10 years and an interest rate of not more than 2 percent for the first 4 years of a covered loan, with no eligibility for forgiveness of the covered loan under subsection (j); or

(B) for a covered loan with the maturity and interest rate terms described in paragraphs (1) and (3), respectively, with the ability to obtain forgiveness of the covered loan if the nonprofit organization qualifies under subsection (j)(2).

(5) PAYMENT DEFERRAL.—

(A) IN GENERAL.—No payment of principal shall be due on a covered loan for the first 2 years of the covered loan.

(B) ADDITIONAL DEFERRAL.—After the 2-year deferral period described in subparagraph (A), the Administrator may grant not more than an additional 2 years of principal deferral to an eligible recipient of a covered loan if the eligible recipient is certified by the Administrator and the Secretary as economically distressed based on publicly available criteria es-
(6) ORIGINATION FEES.—

(A) IN GENERAL.—The origination fee for a covered loan shall be as follows:

(i) 3.75 percent for a covered loan of not more than $100,000.

(ii) 3.5 percent for a covered loan of more than $100,000 and not more than $250,000.

(iii) 3.25 percent for a covered loan of more than $250,000 and not more than $500,000.

(iv) 3 percent for a covered loan of more than $500,000 and not more than $750,000.

(v) 2.75 percent for a covered loan of more than $750,000 and not more than $1,000,000.

(vi) 2.5 percent for a covered loan of more than $1,000,000 and not more than $1,500,000.

(vii) 2.25 percent for a covered loan of more than $1,500,000 and not more than $1,750,000.
(viii) 2 percent for a covered loan of more than $1,750,000 and not more than $2,000,000.

(ix) 1.75 percent for a covered loan of more than $2,000,000 and not more than $2,500,000.

(x) 1.5 percent for a covered loan of more than $2,500,000 and not more than $3,000,000.

(xi) 1.25 percent for a covered loan of more than $3,000,000 and not more than $3,500,000.

(xii) 1 percent for a covered loan of more than $3,500,000 and not more than $4,000,000.

(xiii) 0.75 percent for a covered loan of more than $4,000,000 and not more than $12,000,000.

(B) Payment by Federal Government.—The Administrator shall—

(i) for any covered loan that is made to an eligible recipient with not more than 500 full-time employees, pay the applicable origination fee described in subparagraph (A); and
(ii) for any covered loan of not more than $10,000,000 that is made to an eligible recipient with more than 500 full-time employees, pay 50 percent of the amount of the applicable origination fee described in subparagraph (A).

(C) PAYMENT BY ELIGIBLE RECIPIENT.— After any applicable payments by the Administrator under subparagraph (B), the eligible recipient of a covered loan—

(i) shall be responsible for paying the remainder of any applicable origination fee under subparagraph (A); and

(ii) may finance the amount of the applicable origination fee as part of the covered loan amount, with such origination fee amount not counting toward the limitation on covered loan amounts described in paragraph (2)(A).

(7) STREAMLINED PROCEDURES.—The Administrator and the Secretary shall establish streamlined application and loan approval procedures for eligible recipients with not more than 500 full-time employees, including by allowing an eligible recipient to use an existing application submitted to a lender for the
loan program under section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)) and update the application as necessary for purposes of applying for a covered loan.

(8) APPLICATION.—

(A) AVAILABILITY.—The Administrator shall make available the application for a covered loan in the 10 most commonly spoken languages, other than English, in the United States, which shall include Spanish, Mandarin, Cantonese, Japanese, and Korean.

(B) GUIDANCE.—Not later than 15 days after the date of enactment of this Act, the Administrator and the Secretary shall issue guidance to allow lenders to receive applications for covered loans.

(C) DEADLINE FOR RESPONSE.—A lender that receives an application for a covered loan shall—

   (i) not later than 2 days after submission of the application to the Administrator, notify the applicant that the lender submitted the application and provide the confirmation number; and
(ii) not later than 15 days after approving the application, disburse the funds to the applicant.

(D) Format.—The application for a covered loan shall be similar to the application used for a loan made under section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)), with additional details requested by the Administrator as necessary.

(E) Application Windows.—The Administrator shall make efforts to ensure that underserved borrowers that are eligible recipients receive covered loans, including by establishing exclusive application windows for those eligible recipients.

(9) Limitation on Number of Loans.—An eligible recipient may receive not more than 2 covered loans, the requested aggregate amount of which shall not exceed the limitation on covered loan amounts described in paragraph (2)(A).

(10) Waiver of Prepayment Penalty.—Notwithstanding any other provision of law, there shall be no prepayment penalty for any payment made on a covered loan.
(11) UNITED STATES OPERATIONS.—A covered loan may only be used for expenses related to the operations of an eligible recipient carried out in the United States, including any territory or possession of the United States and operations carried out off of the United States coastline.

(e) LENDERS.—

(1) EXISTING PPP LENDERS.—A lender that is approved to make loans under section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)) and is approved by the Administrator and the Secretary may make and approve covered loans.

(2) ADDITIONAL LENDERS.—The authority to make covered loans shall be extended to additional lenders determined by the Administrator and the Secretary to have the necessary qualifications to process, close, disburse, and service loans made with the guarantee of the Administration.

(3) LENDERS SERVING UNDERSERVED BORROWERS.—In approving lenders to make covered loans, the Administrator and the Secretary shall give priority to lenders that are community development financial institutions with lower lending volumes, minority depository institutions, mission-based non-profit lenders, nonbank lenders, and other financial
institutions that disproportionately serve underserved borrowers.

(4) Resale of Loans.—A lender of a covered loan may sell the covered loan to a third party.

(5) Sale of Participation in Covered Loans.—A lender of a covered loan may sell a participation in the covered loan to a non-authorized lender in an amount that is not more than 85 percent of the covered loan.

(6) Agent Disclosure.—In order to be eligible to obtain a fee, any agent shall be disclosed to the lender and the Administrator at the time of application for a covered loan.

(7) Capital and Liquidity Requirements.—Until December 31, 2021, the amount of a covered loan made by a lender shall be disregarded by Federal regulators for the purpose of calculating regulatory capital and liquidity requirements.

(f) Borrower Requirements.—

(1) Certification.—An eligible recipient applying for a covered loan shall submit a good faith certification that the eligible recipient suffered a decline in gross receipts of not less than 25 percent—

(A) during an 8-week period during the period beginning on February 15, 2020 and end-
ing on July 31, 2020 relative to a comparable 8-week period during—

   (i) the period beginning on January 1, 2020 and ending on March 31, 2020; or
   (ii) 2019; or

   (B) during a calendar or fiscal quarter during the period beginning on February 15, 2020 and ending on July 31, 2020 relative to the same calendar or fiscal quarter in 2019.

   (2) Accounting Method.—An eligible recipient may calculate the decline in gross receipts described in paragraph (1) using the cash or accrual accounting method.

   (3) Adjustments.—The Administrator, in consultation with the Secretary, shall provide guidance on appropriate adjustments to the terms under this subsection for eligible recipients seeking a covered loan that are fiscal year taxpayers or seasonal businesses.

   (4) Restrictions.—

   (A) In General.—The Administrator may enter into agreements to guarantee covered loans made to eligible recipients only if the Administrator determines that the agreement provides that, until the date that is 12 months
after the date on which the covered loan is no longer outstanding—

(i) the eligible recipient or an affiliate of the eligible recipient shall not purchase an equity security that is listed on a national securities exchange of the eligible recipient or any parent company of the eligible recipient, except to the extent required under a contractual obligation in effect as of the date of enactment of this Act;

(ii) the eligible recipient shall not pay dividends or make other capital distributions with respect to the common stock of the eligible recipient; and

(iii) the restrictions on certain employee compensation described in section 4004(a) of the CARES Act (Public Law 116–136) apply to officers and employees of the eligible recipient.

(B) EXCEPTIONS.—

(i) DIVIDENDS.—Subparagraph (A)(ii) shall not apply to any eligible recipient that is a real estate investment trust (as defined under section 856 of the Internal Revenue Code of 1986) for the
taxable year in which the distribution is made to the extent that such entity distributes no more than 100 percent of real estate investment trust taxable income (as defined in section 857(b)(2) of such Code, determined without regard to the deduction for dividends paid (as defined in section 561 of such Code)) during such taxable year.

(ii) Distributions.—Notwithstanding subparagraph (A), during the period described in that subparagraph an eligible recipient that is an S-corporation or a limited liability company may provide a distribution to pay income taxes.

(5) EMERGENCY RELIEF FUNDS.—

(A) In general.—Except as provided in subparagraph (B), an eligible recipient applying for a covered loan may not receive or have received any assistance under 4003 of the CARES Act (Public Law 116–136) for any purpose.

(B) Return of funds.—An eligible recipient that received assistance under section 4003 of the CARES Act (Public Law 116–136)
may apply for a covered loan if the eligible recipient returns the funds received under such section 4003.

(6) **Business concerns with more than one physical location.**—A business concern that employs not more than 500 full-time employees per physical location of the business concern and that is assigned a North American Industry Classification System code beginning with 72 at the time of disbursement shall be eligible to receive a covered loan if the number of full-time employees, in the aggregate, does not exceed 5,000.

(7) **Waiver of affiliation rules.**—The provisions applicable to affiliations under section 121.103 of title 13, Code of Federal Regulations, or any successor regulation, are waived with respect to eligibility for a covered loan for—

(A) any eligible recipient with not more than 500 employees that is assigned a North American Industry Classification System code beginning with 72;

(B) any eligible recipient operating as a franchise;

(C) any eligible recipient that receives financial assistance from a company licensed
under section 301 of the Small Business Investment Act of 1958 (15 U.S.C. 681); and

(D) any eligible recipient with not more than 500 full-time employees that is not more than 50 percent owned or controlled by another entity.

(8) Calculation of Full-Time Employees.—For purposes of determining the number of full-time employees of an eligible recipient as of February 15, 2020—

(A) any employee working not fewer than 30 hours per week shall be considered a full-time employee; and

(B) any employee working not fewer than 10 hours and fewer than 30 hours per week shall be counted as one-half of a full-time employee.

(9) Credit Elsewhere.—During the covered period, an eligible recipient is not required to show that the eligible recipient is unable to obtain credit elsewhere, as defined in section 3(h) of the Small Business Act (15 U.S.C. 632(h)).

(10) Subordination.—Any covered loan made to an eligible recipient shall be subordinate to any
liability incurred by the eligible recipient before February 15, 2020.

(11) Restrictions for prior bankruptcy.—A lender may deny an application for a covered loan submitted by an eligible recipient if, during the 7-year period preceding the date of the application, the eligible recipient or a person that owns or controls the eligible recipient filed a petition for bankruptcy under chapter 7 or 13 of title 11, United States Code.

(g) Use of funds.—

(1) In general.—An eligible recipient of a covered loan may use the proceeds for allowable expenses described in paragraph (2).

(2) Allowable expenses.—The expenses described in this paragraph are—

(A) payroll costs for employees and furloughed employees, including—

(i) costs for continuation coverage provided pursuant to part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (other than under section 609), title XXII of the Public Health Service Act, section 4980B of the Internal Revenue Code of 1986 (other
than subsection (f)(1) of such section insofar as it relates to pediatric vaccines), or section 8905a of title 5, United States Code, or under a State program that provides comparable continuation coverage, other than coverage under a health flexible spending arrangement under a cafeteria plan within the meaning of section 125 of the Internal Revenue Code of 1986; or

(ii) any other non-cash benefit;

(B) rent;

(C) utilities;

(D) mortgage interest payments on existing mortgages as of February 15, 2020;

(E) scheduled interest payments on other scheduled debt as of February 15, 2020;

(F) costs related to personal protective equipment;

(G) payments of principal on outstanding loans;

(H) payments made to independent contractors, as reported on Form–1099 MISC;

(I) other ordinary and necessary business expenses, including—
(i) settling existing debts owed to vendors and replenishing inventory;
(ii) franchise fees;
(iii) hotel management fees;
(iv) maintenance expenses;
(v) administrative costs;
(vi) taxes;
(vii) operating leases; and
(viii) any other capital expenditure or expense required under any State, local, or Federal law or guideline related to social distancing.

(3) PROHIBITED EXPENSES.—An eligible recipient may not use the proceeds of a covered loan—
(A) to purchase real estate;
(B) for payments of interest or principal on loans originated after February 15, 2020;
(C) to invest or re-lend funds;
(D) for contributions or expenditures to, or on behalf of, any political party, party committee, or candidate for elective office; or
(E) for any other use as may be prohibited by the Administrator.

(h) LOAN DISBURSAL.—
(1) Initial Disbursement.—During the initial 14-day period in which lenders make and approve covered loans, the lenders shall be limited to making covered loans to eligible recipients—

(A) with fewer than 50 full-time employees for the first 7-day period; and

(B) with fewer than 500 full-time employees for the second 7-day period.

(2) Report.—Not later than the later of the date that is 180 days after the date on which amounts made available to carry out this Act are expended or July 31, 2021, the Inspector General of the Administration shall submit to Congress a report evaluating whether small business concerns (as defined in section 3 of the Small Business Act (15 U.S.C. 632)), minority-owned eligible recipients, and other underserved borrowers are treated fairly in the process of making and approving covered loans.

(i) Maturity for Loans With Remaining Balance After Application for Forgiveness.—With respect to a covered loan that has a remaining balance after a reduction based on the loan forgiveness amount under subsection (j)—
(1) the remaining balance shall continue to be guaranteed by the Administration under this section; and

(2) the covered loan shall have a maximum maturity of 78 months from the date on which the borrower applies for loan forgiveness under that subsection.

(j) LOAN FORGIVENESS.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, an eligible recipient of a covered loan that is not a nonprofit organization shall be eligible for forgiveness for expenses described in subparagraphs (A) through (F) of subsection (g)(2) incurred during the covered period using proceeds of the covered loan in an amount equal to the product obtained by multiplying—

(A) the product obtained by multiplying—

(i) the percentage decline in revenues of the eligible recipient—

(I) if the covered period does not extend past March 31, 2021, between the total revenue received by the business during calendar year 2020 and the total revenue received by the business during calendar year 2019; or
(II) between the total revenue
during the 6 month-period following
the date of the origination of the cov-
ered loan and the total revenue during
a comparable 6-month period during
the 12-month period preceding the
date of the origination of the covered
loan; and

(ii) .90; and

(B)(i) for an eligible recipient with not
more than 500 employees, the sum of the ex-
penses of the eligible recipient described in sub-
paragraphs (A) through (F) of subsection
(g)(2) paid during the covered period; or

(ii) for an eligible recipient with more than
500 and not more than 5,000 employees, the
sum of—

(I) the benefits described in clauses
(i) and (ii) of subsection (g)(2)(A) of this
section and the payments described in
subitems (CC) through (GG) of section
7(a)(36)(A)(viii)(I)(aa) of the Small Busi-
ness Act (15 U.S.C.
636(a)(36)(A)(viii)(I)(aa)) that were paid
during the covered period; and
(II) the expenses described in subparagraphs (B) through (F) of subsection (g)(2) that were paid during the covered period.

(2) LOAN FORGIVENESS FOR SMALL NON-PROFITS.—A nonprofit organization described in subsection (a)(5)(B) with not more than 500 full-time employees that is an eligible recipient of a covered loan shall be eligible for forgiveness for expenses described in subparagraphs (A) through (F) of subsection (g)(2) using, at the election of the nonprofit organization—

(A) the amount obtained using the formula described in paragraph (1), except that gross receipts shall not include donations, grants, dues, and investment income; or

(B) the amount obtained using the formula described in paragraph (1), except that the number in subparagraph (A)(ii) of such paragraph shall be—

(i) .7 for a nonprofit organization with not more than 50 full-time employees; and
(ii) for a nonprofit organization with not fewer than 50 and not more than 500 full-time employees.

(3) PROHIBITION ON FORGIVENESS.—Any covered loan made to an eligible recipient that is publicly traded, is a nonprofit organization described in section 501(c)(7) of the Internal Revenue Code, or is an eligible recipient described in subsection (f)(7)(D) shall not be eligible for loan forgiveness under this subsection.

(4) LIMITATION ON AMOUNT OF FORGIVENESS.—

(A) IN GENERAL.—The amount of all covered loans made to an eligible recipient that may be forgiven under this subsection shall not exceed the total losses incurred by the eligible recipient in the taxable year 2020.

(B) APPLICATION OF RELATED PARTY PAYMENTS.—The Secretary shall issue regulations that provide that, for purposes of the loss calculation under subparagraph (A)—

(i) with respect to an eligible recipient of a covered loan with not fewer than 500 full-time employees, related party trans-
actions are prohibited from counting toward the loss calculation; and

(iii) with respect to an eligible recipient of a covered loan with not more than 500 full-time employees, any related party payments made during the covered period cannot be greater than related party payments made during taxable year 2019.

(C) **Capital Losses.**—For purposes of the loss calculation under subparagraph (A), capital losses from the sale of assets or deductions for guaranteed payments to partners in partnerships or owners in S-corporations shall not count toward the loss calculation.

(D) **Limitation on PPE Expenses.**—An eligible recipient may only receive forgiveness for personal protective equipment expenses described in subsection (g)(2)(F) of not more than $5,000.

(5) **No Limits Based on Percentage of Funds Used for Certain Expenses.**—The Administrator or the Secretary shall not place limitations on forgiveness under this subsection based on the percentage of covered loan proceeds that are
used for specific expenses described in subsection (g)(2).

(6) HOLD HARMLESS.—If a lender approved to make covered loans has received the required documentation under this section from an applicant attesting that the applicant has accurately verified the eligibility, gross receipts, and expenses of the applicant during the covered period—

(A) an enforcement action may not be taken against the lender under section 47(e) of the Small Business Act (15 U.S.C. 657t(e)) relating to loan forgiveness for those expenses; and

(B) the lender shall not be subject to any penalties by the Administrator relating to loan forgiveness for the expenses.

(7) TREATMENT OF FORGIVEN AMOUNTS.—

(A) IN GENERAL.—Section 108(a)(1) of the Internal Revenue Code of 1986 is amended by striking “or” at the end of subparagraph (D), by striking the period at the end of subparagraph (E)(ii) and inserting “, or”, and by adding at the end the following new subparagraph:
“(F) the indebtedness discharged is a covered loan (as defined in section 4(a) of the RE-START Act) discharged under section 4(j) of such Act.”.

(B) REDUCTION OF TAX ATTRIBUTES.—
Section 108(b)(1) of such Code is amended by striking “or (C)” and inserting “, (C), or (F) (after application of subsection (j)(i))”.

(C) LIMITATION.—Section 108 of such Code is amended by adding at the end the following new subsection:

“(j) SPECIAL RULES FOR DISCHARGES OF COVERED LOANS.—

“(1) INCLUSION OF EXCESS AMOUNTS.—

“(A) IN GENERAL.—In the case of any taxpayer to which subsection (a)(1)(F) applies, the gross income of such taxpayer for any taxable year in the applicable period shall be increased by the product of—

“(i) 20 percent, and

“(ii) so much of the amount excluded under subsection (a)(1)(F) as exceeds $250,000.

“(B) APPLICABLE PERIOD.—For purposes of subparagraph (A), the term ‘applicable pe-
period' means the 5 taxable-year period beginning with the taxable year in which the discharge occurs.

“(2) Application to Tax Attributes.—For purposes of applying subsection (b), the amount taken into account as excluded from income under subsection (a)(1)(F) shall not exceed $250,000.”

(D) Effective Date.—The amendments made by this paragraph shall apply to discharges of indebtedness after the date of the enactment of this Act.

(8) Coordination with Employee Retention Tax Credit.—Section 2301(g) of the CARES Act (Public Law 116–136) is amended to read as follows:

“(g) Election to Not Take Certain Wages Into Account.—

“(1) In General.—This section shall not apply to qualified wages paid by an eligible employer with respect to which such employer makes an election (at such time and in such manner as the Secretary may prescribe) to have this section not apply to such wages.

“(2) Coordination with Restart Loans.— The Secretary, in consultation with the Adminis-
trator of the Small Business Administration, shall issue guidance providing that payroll costs paid or incurred during the covered period shall not fail to be treated as qualified wages under this section by reason of an election under paragraph (1) to the extent that a covered loan of the eligible employer is not forgiven by reason of a decision under section 3(j) of the RESTART Act. Terms used in the preceding sentence which are also used in section 3 of such Act shall have the same meaning as when used in such section.”.

(k) SPECIAL RULES FOR SEASONAL AND NEW BUSINESSES.—

(1) IN GENERAL.—The Administrator and the Secretary shall develop special rules and procedures for eligibility, calculation of full-time employees, loan terms, and loan forgiveness for—

(A) covered loans made to eligible recipients that are seasonal that do not have sufficient revenue to fully benefit from assistance provided under this section; and

(B) covered loans made to eligible recipients formed after January 1, 2019 that do not have sufficient revenue to fully benefit from assistance provided under this section.
(2) **LOAN AMOUNT.**—The Administrator and the Secretary shall develop terms with respect to the loan amount of a covered loan for the eligible recipients described in paragraph (1) to provide consistent support to those eligible recipients relative to an existing or a non-seasonal eligible recipient.

(3) **PROHIBITION.**—An eligible recipient formed after January 1, 2019 shall not be eligible for loan forgiveness under this section.

**I. TRANSPARENCY.**—

(1) **REPORTING.**—The Administrator shall collect and publish information in searchable and downloadable format on eligible recipients of covered loans, including—

(A) the name of each eligible recipient with not fewer than 50 full-time employees that received a covered loan, which shall be published on a monthly basis;

(B) aggregate demographic information of applicants that applied and applicants that were approved for a covered loan, which shall be published on a weekly basis;

(C) the number of loan applications received and total loan amount requested, the number of loan applications awaiting disposition
and the total loan amount awaiting disposition, the number of loan applications rejected and the total loan amount rejected, and the number of loan applications approved and the total loan amount approved by each lender, which shall be published on a weekly basis;

(D) aggregate total loan volume approved broken down by industry and by State, which shall be published on a weekly basis;

(E) details on the number of full-time equivalent employees, loan size, loan terms, industry, and headquarters location of each eligible recipient of a covered loan, which shall be published on a monthly basis; and

(F) the name of and loan amount forgiven for each eligible recipient of a covered loan with not fewer than 50 full-time employees, with aggregate loan amount forgiveness data provided for all eligible recipients of covered loans, which shall be published in a final report not later than December 31, 2022.

(2) MULTIPLE APPLICATIONS.—To the extent possible, the Administrator should endeavor to de-duplicate multiple applications for a covered loan
submitted by the same applicant to different lenders for purposes of public reporting.

(m) **Separation of Funds and Bankruptcy Treatment.** —

(1) **Separation of Funds.** — An eligible recipient of a covered loan shall—

(A) separately account for, and not com-
mingle with other funds, the proceeds of the covered loan; and

(B) account in detail for the use of the proceeds.

(2) **Bankruptcy Treatment.** —

(A) **In General.** — If an eligible recipient of a covered loan is a debtor in a case under chapter 7 or 13 of title 11, United States Code, and the covered loan is still outstanding on the date of the commencement of the case—

(i) any interest of the eligible recipient in the proceeds of the covered loan shall not be included in the property of the es-
tate; and

(ii) the amount of the proceeds of the covered loan that were not expended on al-
lowable expenses described in subsection
(g)(2) or forgiven under subjection (j) shall be transferred to the Federal Government.

(B) UNRECOVERED AMOUNTS ON COVERED LOANS.—Nothing in subparagraph (A) shall preclude the Federal Government from pursuing a claim in a case under chapter 7 or 13 of title 11, United States Code, with respect to the difference, if any, between the amount due to the Federal Government on a covered loan and the amount that was transferred under subparagraph (A)(ii).

(n) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Administration—

(1) such sums as may be necessary to carry out this section, to remain available until December 31, 2020; and

(2) $150,000,000, to remain available until expended, for administrative purposes to update technologies to allow for digital case management, electronic submissions, and increased telecommunications related to the program under this section.