

United States Senate

WASHINGTON, DC 20510

April 16, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

Through no fault of their own, businesses across the country are facing unprecedented financial strain. Without immediate action to build on the CARES Act, COVID-19 poses an existential threat to the Main Street businesses that are the life blood of our communities and the engine of our economy.

As Congress develops a future package to provide relief to American small business owners, we urge you to consider our proposal for a Small Business Local Relief Fund (The Fund). The Fund, seeded with \$50 billion and operated by Treasury, would allocate funding to cities, counties and states to seed and scale local relief funds that are explicitly targeted towards very small businesses. These local entities would in turn provide support to small businesses with less than 20 employees and those located in low-income communities (defined as those eligible for the New Markets Tax Credit), with a particular focus on businesses that are very small, minority-owned, rural, or outside the mainstream banking system. Flexible financing could serve as a bridge or complement to the Paycheck Protection Program and other existing federal programs.

The Fund would build on what is already working across the country. Since the outset of the COVID-19 pandemic, a number of state and local small business relief funds have emerged to meet immediate needs. These local funds are led by a mix of local stakeholders, including city and county governments, public authorities, philanthropies, community development financial institutions (CDFIs), and business chambers of commerce. Recognizing that no community or region is alike, they offer one or more financing products, including grants and zero-interest loans—based on their own capacity and the needs of local borrowers.

But local efforts are massively oversubscribed. Chicago's \$100 million Small Business Resiliency Loan Fund was launched on March 31st and within four days had already received applications for more than \$215 million. The funds run by the Indianapolis Chamber of Commerce and the City of Birmingham are both oversubscribed by twofold. And the New Jersey Economic Development Administration, which made available roughly 2,000 micro-grants to small businesses, received 10,000 applications within 75 minutes of opening its application portal.

By capitalizing new and existing local relief funds, we can open up more channels for distribution to help small businesses make payroll, pay rent, and otherwise weather this economic storm.

Thank you for considering. We look forward to working with you to deliver urgent help to America's small businesses and their employees.

Sincerely,



Cory A. Booker
United States Senator



Steve Daines
United States Senator