SENATE RESOLUTION No. 75

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JUNE 29, 2020

Sponsored by:
Senator VIN GOPAL
District 11 (Monmouth)

SYNOPSIS

Urges well capitalized businesses to return federal paycheck protection program loan funds so funds can be made available to businesses that need loans.

CURRENT VERSION OF TEXT

As introduced.

A SENATE RESOLUTION urging well capitalized businesses to return federal Paycheck Protection Program loan funds.

WHEREAS, The United States faces an unprecedented public health crisis from the pandemic of coronavirus disease 2019, caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2); and

WHEREAS, The United States Centers for Disease Control and Prevention has already identified over two million coronavirus cases in the United States, resulting in over 114,000 deaths; and

WHEREAS, New Jersey has been particularly hard hit by the disease with the New Jersey Department of Health identifying over 165,000 lab confirmed cases and over 12,000 laboratory confirmed deaths; and

WHEREAS, The Governor has issued a series of emergency executive orders to combat the spread of the coronavirus which have halted nearly all non-essential commercial activity within the State for parts or all of the months of March, April, May, and June; and,

WHEREAS, The need for social distancing has and will indefinitely continue to disrupt the businesses that are operating through additional costs, reduced capacity, and altered business practices; and

WHEREAS, The pandemic has caused considerable financial hardship for employees who have been laid off, furloughed, or who are working reduced hours, and for business owners that are realizing a significant reduction in income; and,

WHEREAS, The federal government took swift action to assist severely impacted small businesses and their employers with the enactment of the "Coronavirus Aid, Relief, and Economic Security (CARES) Act," Pub.L.116-136, the largest economic stimulus in United States history; and,

WHEREAS, The CARES Act included a $349 billion small business assistance program called the Payroll Protection Program (PPP), which provided loans that could be converted into grants if they keep their employees on the payroll; and,

WHEREAS, The first allocation of $349 billion in loans was exhausted in less than two weeks and the federal government passed a second round of assistance to add an additional $320 billion in funds for a total of $669 billion in PPP funds; and,

WHEREAS, The PPP funds were intended to assist small businesses with limited access to loans and capital during the pandemic, the eligibility rules for the PPP Program were written broadly and more businesses qualified for the loans than were intended to receive them, in order to provide funding to businesses as quickly as possible and ensure that businesses in need would not be blocked from the PPP Program; and,

WHEREAS, It was found that a number of large and well capitalized businesses applied for, and received, PPP loans, including publicly traded companies, subsidiaries of much larger corporations, and even a diagnostic testing company that was experiencing a massive increase in business; and,

WHEREAS, Once exposed to public scrutiny in the media, a number of publicly traded companies have returned PPP loans amid threats by the United States Small Business Administration to individually audit all loans of more than $2 million and hold those businesses criminally liable if they do not follow the rules, but not all large or well capitalized businesses have returned their PPP loan funds; now, therefore,

BE IT RESOLVED *by the Senate of the State of New Jersey:*

1. This House urges well capitalized and publicly traded companies operating in the State that have borrowed from the Payroll Protection Program (PPP) to carefully consider whether they need those funds as badly as the many small “mom and pop” businesses throughout the State that are on the verge of failing and have been unable to obtain PPP loans due to the significant demand, and for those large and well capitalized businesses to return their PPP loan funds back to the US Small Business Administration.

2. Copies of this resolution, as filed with the Secretary of State shall be transmitted by the Secretary of the Senate to the New Jersey Business and Industry Association and the New Jersey Chamber of Commerce, with a request to disseminate the resolution to their members.

STATEMENT

This Senate resolution urges well capitalized and publicly traded businesses that have taken out loans under the federal Payroll Protection Program (PPP) to return those loans so that the funds can be made available to the smaller businesses with less access to capital that are in greater need of funding, and who were the originally intended recipients of the funds.

Copies of this resolution, as filed with the Secretary of State are to be transmitted by the Secretary of the Senate to the New Jersey Business and Industry Association and the New Jersey Chamber of Commerce, with a request to disseminate the resolution to their members.