



Electronic Alert

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Small Business Administration Issues Interim Final Rule in Response to Paycheck Protection Program Flexibility Act

By Gabrielle Hansen

The U.S. Small Business Administration (SBA) issued an interim final rule today in response to the Paycheck Protection Program Flexibility Act (the Act) signed into law last week.

Although today's interim final rule is focused on bringing a prior interim final rule into compliance with the changes proposed by the Act, it contains a notable clarification regarding the requirement that 60% of a borrower's PPP loan amount be spent on eligible payroll costs for the borrower to qualify for loan forgiveness.

The interim final rule clarifies that the new 60% threshold is not to be treated as an all or nothing requirement. Rather, the interim final rule explains that the 60% requirement is "a proportional limit on non-payroll costs as a share of the borrower's loan forgiveness amount, rather than as a threshold for receiving any loan forgiveness." Thus, a borrower who spends less than 60% of its total loan amount on eligible payroll costs will still be eligible for loan forgiveness—the total forgiveness amount will just be reduced proportionally.

Today's interim final rule states that revisions to other interim final rules are forthcoming. Further, although portions of the interim final rule are effective retroactively, the SBA is still soliciting comments from interested members of the public. These comments must be submitted on or before the date that is 30 days after the date of publication in the Federal Register. Comments may be submitted through the Federal eRulemaking Portal.

If you have questions about qualifying for forgiveness of your PPP loan or general questions about navigating workplace issues during the COVID-19 pandemic, please contact Gabrielle Hansen at 503-276-2112 or ghansen@barran.com