



May 8, 2020

Ms. Jovita Carranza,
Administrator
Small Business Administration
409 3rd St, SW
Washington DC 20416

Re: SBA-2020-0015

Dear Administrator Carranza:

On behalf of the nation's foodservice distributors, I am pleased to submit comments on the interim final rule regarding the implementation of the Paycheck Protection Program. This is a critical program authorized by Congress to help small businesses during the Covid-19 crisis. IFDA strongly supports the program but believes that improvements in the regulations could be made that would help fund recipients as they look to reopen their businesses and restart the economy.

The CARES Act allows PPP funds to be used for any allowable uses of the 7(a) loans which includes payment for inventory, supplies, and raw materials. In the interim final rule, however, SBA chooses to limit use of these funds to only the additional categories contained in the legislation. SBA should reconsider this limitation and permit funds to be used for all allowable uses of 7(a) loans. As restaurants begin to reopen, they will need distributors to extend trade credit in order to purchase the products they need. Permitting PPP funds to be used to pay for these products will allow distributors to continue to provide this critical service to customers who will need this credit in order to restart their businesses.

Further, the interim final rule stipulates that not more than 25 percent of the loan forgiveness amount may be attributable to non-payroll costs. This goes well beyond the language of the CARES Act which is silent regarding such a percentage. While the amount of forgiveness may be lowered due to reductions in payroll, the statute does not place such a limitation on how funds must be spent in order to be forgivable. IFDA strongly urges the agency to reduce this percentage to 50% or lower in order to allow recipients the ability to determine for themselves how to best spend their resources.

As the government moves to reopen the economy, foodservice distributors will play a vital role. The PPP program provides an important bridge to help the foodservice industry move beyond this crisis, but the restrictions outlined above will limit its effectiveness. Distributors will need to ensure they can extend credit to their customers and allowing customers to use some portion of these funds to settle outstanding debts is critical. These changes to the regulation would ensure that foodservice distributors and their customers have the liquidity necessary to get past the closure period and restart their businesses. Reopening American restaurants begins with foodservice distributors.

Thank you very much for the opportunity to provide comments on these critical rules.

Sincerely,

A handwritten signature in black ink that reads "Mark Allen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark Allen
President and CEO