

November 25, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street SW
Washington, D.C. 20416

RE: Reporting and Recordkeeping Requirements Under OMB Review for the Paycheck Protection Program (PPP) (OMB Control Number: 3245-0407)

Dear Administrator Carranza:

On behalf of the National Tooling and Machining Association and Precision Metalforming Association (“One Voice” or “associations”) and our member companies, we would like to make you aware of unintentional burdens placed on Paycheck Protection Program (PPP) recipients due to SBA Forms 3509 and 3510, the “Loan Necessity Questionnaires.” The questionnaires, as currently written, introduce a confusing and onerous process that could lead the Small Business Administration and the Department of the Treasury to inappropriately question thousands of qualified PPP loans made to small businesses, potentially deny borrowers forgiveness as intended by Congress, and create a distorted perception of a company’s financial situation. On behalf of our combined 1,900 member companies, averaging sixty-eight employees, we ask you to withdraw SBA Forms 3509 and 3510.

Despite continued confusion caused by evolving guidance implementing the program, the PPP played an instrumental role in the survival of millions of American businesses with nearly nine out of ten NTMA and PMA members accepting a PPP loan. Rewriting the rules and revisiting the uncertain financial state of borrowers in the early days of the global pandemic could lead to significant economic harm to small and medium-sized businesses if SBA denies forgiveness based on Form 3509 or 3510. Many of these recipients of PPP loans of \$2 million or more employ several hundred Americans in their local communities who made good-faith decisions based on the information available and the uncertainties of those times.

Our members are small and medium-sized manufacturers averaging roughly 35-75 employees and are typically classified under the North American Industrial Classification System (NAICS) as 332 (Fabricated Metal Product Manufacturing) and 333 (Machinery Manufacturing). These classifications combined include 80,000 manufacturing establishments with 2.6 million employees.

The National Tooling and Machining Association’s 1,400 member companies design and manufacture special tools, dies, jigs, fixtures, gages, special machines, and precision-machined parts, many classified as machine shops. Some firms specialize in experimental research and development work as well as rapid prototyping. Many NTMA members are privately owned small businesses, yet the industry sales exceed \$40 billion a year.

The Precision Metalforming Association is the full-service trade association representing the \$137-billion metalforming industry of North America—the industry that creates precision metal products using stamping, fabricating, spinning, slide forming and roll forming technologies, and other value-added processes. Its nearly 800 member companies also include suppliers of equipment, materials, and services to the industry.

Small businesses are vital to the U.S. economy, accounting for 48% of American jobs and 44% of U.S. economic activity. However, most smaller firms have little or no financial cushion and have struggled to weather the economic impact of the pandemic. PPP was a program intended to address this very issue, with 86.5% of our members reporting having received a PPP loan in a September survey.

As the PPP has been such a critical program supporting millions of American workers, we are fully supportive of the appropriate review and oversight of PPP loans. However, the existing PPP Forgiveness Applications (SBA Forms 3508, 3508EZ, and 3508S) already require extensive documentation to support the borrower's good faith certification and forgiveness of the loan.

These forms are unnecessary, redundant, and create a prejudiced opinion of the borrower's financial situation at the time without understanding the borrower's specific circumstances. We understand the agencies would like to conduct further review into certain loans. In addition, while the questionnaires only currently apply to loans of \$2 million or more that have been submitted for forgiveness, without clear guidance through the rulemaking process, we are concerned about potential additional review processes for other borrowers. We strongly encourage you to ensure that all agency review processes are necessary and appropriate to avoid undue burden on borrowers and lenders, possible bias and subjectivity, or concerning departures from requirements borrowers and lenders understood from the statute and original implementing guidance.

We do not believe that the information collection asked for by the new Loan Necessity Questionnaires achieves this proper balance. We urge you to withdraw Forms 3509 and 3510.

Thank you for your consideration of these comments.

Sincerely,



David Klotz
PMA President



Roger Atkins
NTMA President