



May 15, 2020

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

RE: SBA-2020-0015-0001

Dear Administrator Carranza:

I write on behalf of the American Society of Travel Advisors (ASTA) and the more than 140,000 Americans working at travel agencies across the country to present our views on the above-captioned Interim Final Rule implementing Sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136).

The vast majority of U.S. travel agencies (98 percent) are small businesses according to the U.S. Small Business Administration's (SBA) size standards, and over two thirds of them are owned and operated by women. At last count, there were close to 15,000 retail locations in the U.S., employing over 108,000 people, plus an additional 40,000 self-employed travel advisors working mostly as independent contractors (ICs). Due to the coronavirus crisis and its impact on travel, business has largely come to a halt in the past few weeks and layoffs and agency closures have begun in earnest. As of mid-March, 77 percent of ASTA members predicted they would be out of business in six months or less if current conditions held, and the situation has only continued to deteriorate since then.

While new business and any revenue associated with it has come to a halt, the work hasn't. At the same time they are dealing with an unprecedented collapse of travel demand, travel advisors are working around the clock to accommodate clients whose travel plans have been disrupted or who, due to coronavirus concerns, are seeking refunds in connection with future trips. This is the situation many of our members find themselves in – working harder than ever before but essentially without pay.

The centerpiece of the CARES Act, the Paycheck Protection Program (PPP) is designed to provide a direct incentive for small businesses to keep their workers on their payrolls. Under the PPP, businesses with 500 or fewer employees, as well as independent contractors (ICs) and the self-employed, can apply for a low-interest, forgivable loan of up to \$10 million from any existing SBA lender or through any federally-insured depository institution or credit union participating in the program.

While the program has provided a critical financial lifeline to those of our member companies who have successfully been able to apply since its launch on April 3, shortcomings associated with the initial rollout suggest the need for improvements. Our concerns, summarized, are that the program's funding will be quickly depleted again after its replenishment by the Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139); that the last-minute rules put in place by the SBA make the loans less

attractive to both borrowers and lenders; that the parameters of the program will leave both larger (those with more than 500 employees) and smaller (ICs) travel agency businesses without relief; and that overly restrictive “hire-back” provisions incentivizes adding workers to payroll at a time when business remains at a standstill as opposed to when business is expected to return later this year and into next.

As such, based on ASTA member feedback gathered before and after the PPP’s launch, we recommend the following changes to the Interim Final Rule published on April 15, 2020:

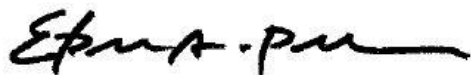
- To the extent SBA has such administrative flexibility, increase PPP loan forgiveness provisions from eight to at least 12 weeks and allow the “forgiveness clock” to begin running at the borrower’s discretion based on business conditions, as opposed to the date of loan origination;
- Increase PPP loan terms to at least five years, as compared to two years by the Interim Final Rule, providing travel agencies (especially those unable to meet the program’s current rigid forgiveness requirements) with more affordable payments as well as additional time to pay the loans back;
- Raise the non-payroll forgiveness cap from 25 to at least 50 percent, which would allow small businesses to spend half or more of the loan proceeds on statutorily-authorized non-payroll expenses such as rent, utilities and mortgage interest payments;
- Clarify whether travel agency payments made to ICs may be included in “payroll” for the purposes of determining an applicant’s PPP loan amount (Section 1102(a)(1)(B)(vii)(bb) of the CARES Act and the Interim Final Rule conflict on this topic); and
- Treat independent contractors and the self-employed equally rather than forcing them to the “back of the line,” as we fear the week-long application gap between free-standing businesses and ICs on the PPP’s launch did.

While it will take years for the travel agency industry to recover fully from this crisis, we believe the steps outlined above taken together with additional enhancements to the PPP and other relief programs enacted by Congress in the coming weeks and months will help speed that recovery and put travel agencies in a position to serve existing and new clients once the economy rebounds.

Thank you for your and the Administration’s work so far in laying the groundwork for our eventual recovery, and for considering our views at what we know is a challenging time for you. We stand ready to provide any information necessary to bring to fruition the recommendations outlined above.

If you have any questions on this or any issue related to the travel industry, please don’t hesitate to contact me at (703) 739-6842 or epeck@asta.org.

Yours Sincerely,



Eben Peck
Executive Vice President, Advocacy
American Society of Travel Advisors