



## Changes to the Paycheck Protection Program have been signed into law

Changes to the Paycheck Protection Program have been signed into law, which expand the program's eligibility, make it more flexible and should enhance its appeal to businesses seeking federal loans. On Wednesday, the Senate passed the PPP Flexibility Act, and the House passed it last week by a vote of 417-1. These tallies show the high level of bipartisan support behind improving PPP in both chambers. President Trump signed the legislation into law today.

### A short summary of changes:

- The legislation extends the duration of PPP loans to 24 weeks from eight weeks
- Extends the deadline to rehire workers to Dec. 31 to qualify for loan forgiveness. However, the forgivable amount must be determined without regard to a reduction in the number of employees if the recipient is (1) unable to rehire former employees and is unable to hire similarly qualified employees, or (2) unable to return to the same level of business activity due to compliance with federal requirements or guidance related to COVID-19.
- The bill reduces the level of Paycheck Protection Program funds that must be used for payroll to 60% from 75% for full loan forgiveness.
- Recipients who do not apply for forgiveness shall have 10 months from the program's expiration to begin making payments.
- The bill also eliminates a provision that makes a paycheck protection loan recipient who has such indebtedness forgiven ineligible to defer payroll tax payments.
- The minimum maturity of the payback will now be five years instead of two.

As of this week, roughly \$510 billion of the \$660 billion authorized by Congress has been lent, and nearly 4.5 million loans have been issued. Congress continues consideration of additional COVID-19 relief legislation, including liability protections for employers and financial assistance to state and local governments.

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