

CALIFORNIA CHAMBER of COMMERCE

ALLAN ZAREMBERG
President and Chief Executive Officer



To the California Congressional Delegation and California Senators:

The California Chamber of Commerce and other organizations listed below represent small businesses throughout California in every industry of the economy and provide hundreds of thousands of jobs that support California workers and their families. We are requesting immediate federal relief to save small businesses in our state who are fighting to survive in the midst of the COVID-19 pandemic.

In California, small businesses are struggling to make payroll and a significant number are closing altogether. As recently reported in the Los Angeles Times, California's small business revenue was down by 29.3% in November compared with January 2020, and the number of small businesses open has dropped by 28.8%. With the most recent surge in COVID19 infection that has pushed our hospitals to their maximum capacity, Governor Newsom has issued a renewed shelter in place order that we believe will be catastrophic to the remaining small businesses throughout the state.

Many small businesses depend upon the higher volume of sales during the holiday season to help them throughout the year. Depending upon the product or service they provide, small businesses are either operating at limited capacity or completely shut down and those expected sales will never materialize. To address this emergency, we request the following actions to be taken immediately.

First, extend and expand the Paycheck Protection Program (PPP) to provide small businesses with much needed, non-taxable, financial relief. The PPP successfully helped small businesses avoid shutting down as a result of the initial shelter in place orders and can provide that same relief now. We would urge you to allow small businesses to utilize the funding received under the PPP for all businesses related expenses while still allowing the business to qualify for loan forgiveness and to make PPP revenues tax exempt.

Second, we request forgiveness of the federal loan California has received for unemployment benefits, which is now approximately \$20 billion and expected to grow as a result of the recent shelter in place order. California employers will ultimately be responsible for paying this loan back through a reduced Federal Unemployment Insurance Tax Act (FUTA) credit. This essentially is a tax increase on all employers, including small businesses that can least afford it.

Third, we respectfully request that any federal stimulus and aid package include emergency financial support for 501(c)(6) associations, such as state and local chambers of commerce. As the businesses they serve lose revenue, so will these important organizations. Many small businesses rely on these organizations to provide critical information and support during this pandemic and therefore it is essential for these organizations to receive relief.

We appreciate your immediate attention to our request and your efforts to help save the small businesses in California.

Sincerely,

Allan Zaremborg