AN ACT establishing the New York state paycheck protection program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Legislative findings. a. In April 2020, the Federal Government enacted two Coronavirus Aid, Relief and Economic Security (CARES) Act stimulus packages where it introduced the Paycheck Protection Program (PPP) totaling $659 billion dollars to financially assist small businesses, and to prevent the loss of jobs and the failure of small businesses due to financial losses caused by the COVID-19 pandemic.

b. Many local small businesses including minority- and women-owned businesses (MWBEs) in our state did not receive any federal funding under the federal PPP in either of the two rounds of funding. In fact, most of the first round of funding totaling $349 billion, which was exhausted in 2 weeks, went to large publicly traded businesses.

According to a report issued by the Federal Small Business Administration Inspector General, the Small Business Administration (SBA) was faulted in administering the PPP, in that the SBA did not issue guidelines for banks to prioritize businesses in rural markets, companies that have only been in business for two years or less, or businesses owned by veterans, minorities, women and economically disadvantaged individuals. Moreover, the PPP application did not include demographic information making it difficult or near impossible to determine how much money went into the markets.

d. As New York state is reopening regionally post COVID-19, many of our small businesses, including MWBEs and farmers who did not receive any PPP funding are in desperate need of funding to employ and/or pay staff, purchase inventory, and pay rent and utilities.

§ 2. Establishment. Notwithstanding any provision of law to the contrary, the legislature shall authorize the establishment of a New York State Payroll Protection Program (NYSPPP) to be funded in the amount of 100 million dollars from future federal stimulus funding. Such

EXPLANATION—Matter in italics (underscored) is new; matter in brackets [ ] is old law to be omitted.
funding shall reimburse any moneys used from any state funds for the purposes described under sections four or five of this act, including, but not limited to the New York state common retirement fund.

§ 3. Eligibility. The following entities shall be eligible for the NYSPPPP provided such entity has less than 300 employees, did not receive any federal funding from the Federal CARES Act, and was in existence in New York state by the first day the state disaster emergency related to COVID-19 was declared by the governor:

a. Small businesses, including minority- and women-owned business enterprises, owned by veterans, minorities, women, economically disadvantaged individuals and farmers;
b. Small businesses that have been in existence for two years or less;
c. Small businesses located in underserved and rural markets;
d. A non-profit organization having tax exempt status under section 501(c)(3) of the United States Internal Revenue Code, or a veterans organization having tax exempt status under section 501(c)(19) of the United States Internal Revenue Code;
e. Any business with a North American Industry Classification System code for principal business activity for New York state tax purposes that has more than one physical location and employs less than 300 people per location;
f. Sole proprietors, independent contractors, and self-employed persons; and
g. Any new businesses formed and/or incorporated during the federal or state COVID-19 state of emergencies or within 30 days after the expiration of such state of emergencies.

§ 4. Loan details and forgiveness. a. All eligible entities pursuant to section three of this act, shall submit an application through local community development financial institutions (CDFIs) located within the state. The maximum loan amount an entity may apply for is 100,000 dollars.
b. Such loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities; provided, however, due to likely high subscription, at least 75% of the forgiven amount shall have been used for payroll costs. Loan payments shall be deferred for six months. No collateral or personal guarantees are required. Neither the government nor CDFIs shall charge qualifying entities any fees.
c. Forgiveness is based on the qualifying small business maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease within 12 weeks of receiving such funding. The 12-week rule shall not apply to any entity if such entity paid its employees' salaries during the COVID-19 state of disaster emergencies or when such entity was closed. Documented proof of such payroll payment shall be required.
d. All loans not forgiven under subdivision b of this section shall have a maturity of 2 years and an interest rate of 1%.
e. The department of financial services shall have oversight and monitor the application process pursuant to this section. Such department shall provide a report to the chairs of the senate banks committee and the assembly banks committee within 6 months of the effective date of this act or when funds are fully exhausted, whichever happens first.

§ 5. Grants. The NYSPPPP shall provide the following grants to all qualified small businesses, not-for-profits and charitable organizations:
1 a. A rent reimbursement grant to reimburse qualifying entities for
2 rent paid during the COVID-19 pandemic, provided such entity has docu-
3 mentary proof of such paid rent. This rent reimbursement grant shall be
4 capped at 3 months of paid rent;
5 b. A grant to reimburse qualifying entities for perishable inventory
6 purchased before the COVID-19 state of disaster emergency that was
7 thrown out due to the forced shut down of such entity and/or to help
8 replace food inventory to such entity reopen; and
9 c. A grant subsidy for farmers to pay for gas and tolls to deliver the
10 products throughout the state.
11 § 6. Oversight. The state comptroller shall monitor the NYSPPP to
12 ensure the provisions of this act are properly executed. The state comp-
13 troller shall submit a report on such program to the governor, the
14 temporary president of the senate and the speaker of the assembly, and
15 shall post such on the comptroller's website on a quarterly basis
16 describing any loans granted under such program.
17 § 7. This act shall take effect immediately.