



SEAFOOD HARVESTERS

— OF AMERICA —

MEMORANDUM

From: Leigh Habegger

Date: July 4, 2020

Re: Paycheck Protection Program Updates

As of July 4, 2020, all Paycheck Protection Program loan applications must be submitted by **August 8, 2020**. Congress extended the application for an additional 5 weeks.

On June 25th, thanks to the leadership of Senators Lisa Murkowski and Dan Sullivan, and Congressman Young, the SBA and Treasury Department released new guidance for the Paycheck Protection Program (PPP) specific to the commercial fishing industry:

- The interim rule, effective immediately, **allows boat owners and fishing businesses to include payments to fishing vessel crewmembers reported as fishing boat proceeds on Form 1099-MISC to be eligible payroll costs under the Paycheck Protection Program.**
- Please note: if a crewmember has *already* received their own PPP loan as a 1099 contractor, they are **not** eligible to be included in a new PPP loan application. Essentially, they cannot double dip. **The SBA noted the possibility of double dipping in their interim rule: “Due to the increased risk of duplicate payroll costs, PPP loans to fishing boat owners are more likely to be subject to an SBA loan review.” PLEASE be diligent in your application and record-keeping.**
- If you are a vessel/business owner who has already submitted and received a loan application, you *may* be able to amend your loan amount if your lender has not submitted SBA Form 1502, but you will need to contact your lender institution as soon as possible. You can find more information about this process below and online in the Federal Register notice [here](#) and below:

“If a partnership received a PPP loan that did not include any compensation for its partners, can the loan amount be increased to include partner compensation?”

Yes. If a partnership [fishing business or vessel owner] received a PPP loan that only included amounts necessary for payroll costs of the partnership's employees and other eligible operating expenses, but did not include any amount for partner compensation [crewmember payroll], the lender may electronically submit a request through SBA's E-Tran Servicing site to increase the PPP loan amount to include appropriate partner compensation, even if the loan has been fully disbursed, provided that the lender's first

SBA Form 1502 report to SBA on the PPP loan has not been submitted. After the initial SBA Form 1502 report on the PPP loan has been submitted to SBA, or after the date the first SBA Form 1502 was required to be submitted to SBA, the loan cannot be increased.”

The Paycheck Protection Program Flexibility Act enacted on June 5th provide additional flexibility for PPP loans, including:

- Extending the “covered period” (the period during which funds must be spent in order for the loan to be forgiven) from 8 weeks to 24 weeks
- Reducing the percentage of the loan amount required to be spent on payroll costs from 75% to 60% in order for the loan to be forgiven
- Extending loan maturity from 2 years to 5 years (you have 5 years to pay back the loan)

You can view a statement by the Treasury Department [here](#).

****Please note:** This does not represent legal or financial advice. Please consult with your own lender, attorney, or accountant to confirm your eligibility and discuss the details of your particular situation.