



SEATTLE CITY COUNCIL

U.S. Senator Patty Murray
2264 Rayburn House Office Building
Washington, DC 20515

U.S. Senator Maria Cantwell
511 Hart Senate Office Building
Washington, DC 20510

Representative Adam Smith
2264 Rayburn House Office Building
Washington, DC 20515

Representative Pramila Jayapal
1501 Longworth House Office Building
Washington, DC 20515

Governor Jay Inslee
PO Box 40002
Olympia, WA 98504-0002

Attorney General Bob Ferguson
1125 Washington Street SE
Olympia, WA 98504-0100

Speaker Laurie Jenkins
339C Legislative Building
PO Box 40600
Olympia, WA 98504

Senate Majority Leader Andy Billig
307 Legislative Building
PO Box 40403
Olympia, WA 98504

May 4, 2020

Dear Senator Murray, Senator Cantwell, Representative Smith, Representative Jayapal, Governor Inslee, Attorney General Ferguson, Speaker Jenkins, and Majority Leader Billig:

We appreciate the leadership you have all demonstrated in steering our state and nation through the unprecedented crisis brought about by the outbreak of COVID-19. In response to the pandemic's impact on local enterprises, the City of Seattle has bolstered our Small Business Stabilization Fund, provided tax and utility relief, prohibited rent increases for nonprofits and small businesses during the public health emergency, gave nonprofit and small business tenants a longer period of time to pay overdue rent and required their landlords to accept reasonable payment plans, and enhanced business constituent support services through the Mayor's Office, all nine City Council Offices, and our various City departments.

However, based upon our daily conversations with local establishments throughout the City of Seattle, even in light of these measures, as well as various forms of state and federal support up to this point, the outlook for small businesses remains very bleak. As such, on behalf of these valued neighbors and constituents, we seek to highlight additional needs and measures that can be taken to save small businesses. These include:

Increased Flexibility

- **Support an extension of the current City of Seattle moratorium on commercial evictions to the either twelve (12) months or twice the length of the state of emergency (whichever is greater) and legislate appropriate repayment terms between landlords and tenants.** For businesses, getting back on track financially will be a long haul. Many have ceased production/operations in the wake of the crisis and will not be able to open their doors and operate at full capacity as soon as the stay-at-home order is lifted.



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Additionally, many will have missed months where high levels of revenue are generated and placed in reserves for the slower season. Lastly, there is uncertainty around the appetite of the general public for gathering and how soon people will return to their previous level of spending. By extending the commercial eviction moratorium, we can enable more businesses to survive this crisis. In addition, we ask that a cap of five percent (5%) repayment per month is enacted for the first twelve (12) months following the crisis.

- **Forbearance of business mortgage payments.** Many small businesses are renters, and will be relying in the coming months on the generosity of their landlords in setting up rent reductions or abatements. If this happens, commercial property owners, some of whom are small landholders rather than large developers, may be left shouldering all of the burden of this crisis. Please use your political power to urge or mandate the banking sector and regulatory authorities to suspend commercial mortgage payments for at least twelve (12) months, so these landlords can then extend lenient terms to their renters. If the banks shoulder some of the burden, they make it possible for all of the partners in the chain -- from the landowner, to the business renters, to the business vendors -- to collectively put payments on hold while they all make it through to the other side of this crisis.
- **Payroll credits to compensate workers for lost wages.** Keep workers employed through payroll credits that compensate for lost wages due to COVID-19-related closures. Payroll credits will be made available to small business owners, demonstrating proven need, and their employees while their business operations are restricted or shut down. Maintaining employment through this mechanism will reduce the strain on unemployment insurance which is inundated with requests and offers insufficient assistance (at 60% compensation rates).
- **Support a Paycheck Guarantee that covers 100% of wages for workers and ensures workers remain enrolled in employer-sponsored benefits including health care.** Maintaining workers' income will provide financial relief throughout the pandemic and speed up the economic recovery.

Greater Predictability

- **Consistency and clarity in government messaging.** When formal guidance or regulations are being issued, it would be helpful to have consistent, clear, and coordinated messaging from all levels of government. For example, business owners have expressed confusion regarding issues such as Full-time Equivalent vs. Employees and the definition of Bars & Restaurants, without mention of whether or not this includes Breweries and Tasting Rooms.

Procedural and Legal Guidance for Small Businesses Navigating Relief Programs

- **Provide funding for technical assistance** to all small businesses to help them navigate federal assistance programs.



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- **Provide non-English speaking small business owners and those without regular access to the internet with assistance** in applying for relief programs to put them on an equal footing with their peers, consistent with Title VI of the Civil Rights Act of 1964 which prohibits discrimination on the basis of their race, color, and national origin in programs and activities receiving federal financial assistance. Given that, according to an April 22 CBS News report, upwards of 90% of businesses owned by people of color have been, or will likely be, shut out of the Paycheck Protection Program, this would ensure equitable access to government support programs for all Washington State businesses.
- **Provide access to mediators who can help small businesses and landlords find a path to agreeable terms regarding repayment** in the absence of a mortgage payment holiday for landlords provided by banks as suggested above (which is the optimal solution).

Ensure Equitable Access to Relief Programs/Funds

- **Establish a grant program that better aligns with the needs of small businesses.** Significant resources are needed for loans and grants that assist minority owned, businesses in underserved communities, and businesses that are underserved by the traditional banking system. Loans and grants should serve truly small businesses who have been left out of other programs and assistance.
- **Processing of the Economic Injury Disaster Loan (EIDL) and Paycheck Protection Program (PPP) should be standardized so that all small business applicants have equitable access.** The experience of applying for these two programs has varied widely from business to business and bank to bank. It has also been fraught with missteps, misinformation and brick walls.
- **Ensure that smaller small businesses have equitable access to funding opportunities.** The PPP funding was issued on a first-come first served basis, which favored larger banks and businesses that had more robust infrastructure for responding to the SBA's instructions, and made it harder for small banks (and thus smaller businesses) to access funding. As written, the limited PPP funds are open to franchises and any corporation where the employees at any given location number fewer than five hundred (500). Restaurant and hotel chains with their own legal departments, tax advisors, and law firms on retainer enjoy an incredible and unfair advantage over our state's small establishments.
- **The PPP benefit has severe structural issues which must be remedied.** Loan forgiveness under the PPP was set based upon payroll costs covered during the sixty (60) days after the loan origination. This fails to benefit businesses that are required to have their doors closed until the quarantine is lifted. It is preferable to have set-asides based on characteristics of the business rather than the lender characteristics in the future rounds of funding. The priority should be ensuring the program is structured to incentivize employees returning to work in fair, safe, and healthy workplaces.



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- **Provide direct grant stimulus to small businesses.** The Federal government should consider a microbusiness or small business relief program along the lines of the individual \$1,200 direct stimulus issued to individual taxpayers in order to infuse critical operating cash into struggling small businesses as soon as possible.

Long-Term Solutions Beyond the Immediate “Crisis” Period

- **Fight for adequate testing and contact tracking capabilities** so that our employees and patrons can remain as safe as possible as businesses gradually reopen and to ensure that a resurgence of cases does not lead to further shutdowns in the future, either after a too-early reopening or after a possible fall resurgence.
- **Provide federal stimulus funds directly to Cities** so that they can be utilized on forms of local small business support such as utility forbearance and extended or discounted repayment plans.
- **Advocate for or require all business insurance carriers to include or offer a rider for pandemic coverage in their policies.**
- **Suspension of or decrease in federal taxes on small businesses** for an extended period during and beyond the “crisis”.
- **Institute a PPP-style loan forgiveness program supporting businesses when they are able to reopen their doors and return to full employment levels.**
- **Provide forbearance on commercial loans**, on the basis of proven need, with requirement that landlords which receive such forbearance pass it on to their tenant who are making lease payments.
- **Provide additional grants, loans, and deferments** prioritized for small businesses which are not allowed to fully reopen as quickly or fully as others, because business restrictions are sure to continue during a step-by-step reopening process.
- **Enact a tax credit for re-hiring laid-off or furloughed workers** to encourage small businesses to re-invigorate their communities by putting people back to work. Each worker that is re-hired by a qualifying small business in 2020 would entitle that business to a \$2,000 tax credit per re-hired employee on their 2020 or 2021 federal tax return.
- **Increase production and distribution of Personal Protective Equipment (PPE)** such that all small business employees may have the option to protect themselves.



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Again, we are very appreciative of your leadership during this global pandemic, and look forward to continued dialogue with you on how we can collectively best be helpful to the small businesses which make the City of Seattle a vibrant and unique place to live and visit.

Sincerely,

Council President M. Lorena González

Councilmember Lisa Herbold

Councilmember Debora Juarez

Councilmember Andrew J. Lewis

Councilmember Tammy J. Morales

Councilmember Teresa Mosqueda

Councilmember Alex Pedersen

Councilmember Kshama Sawant

Councilmember Dan Strauss