

House Finance Committee

Emailed Public Testimony

for Hearing June 17th, 2020

Small business impacts related to the Paycheck
Protection Program (PPP), Economic Injury
Disaster Loan (EIDL), and Coronavirus Aid Relief,
and Economic Security (CARES Act)

this packet contains emails received
between 4:30pm June 17 and 4:30pm June 18.

From: Shelly Kocan <shelly@acupuncturecordova.com>

Sent: Thursday, June 18, 2020 4:03 PM

To: House Finance <House.Finance@akleg.gov>

Subject: Cares Grant restrictions

Hello,

I wanted to write to urge this committee to re-examine the exclusions on the Cares Grant program further. I saw that businesses who received less than \$5k are now eligible to apply, but for future rounds of grant funding I would encourage this to be amended.

I received \$32,000 in funding from the PPP loan, this covered 75% of payroll for 2 months and 2 months of rent. I filled out the CARES Grant application, and submitted it, even though I'm currently not eligible, and listed almost \$90,000 of qualified expenses since March 11.

I applied for the federal money at the CONSTANT urging from the SBA and the local Alaska Small Business Development Center. If I had known it would preclude me from applying for this much broader grant, I would not have applied.

I was forced to shut my doors for 2 months, with no income, nor access to unemployment as the business owner, and have been operating at reduced capacity since we reopened due to restrictions. I have had to purchase thousands of dollars of PPE, cleaning products and have lost an estimated \$90,000 in revenue.

I very much would appreciate being able to apply for the CARES grant funding, understanding that the grant would be reduced by any other federal funding that I've received.

Thank you for your consideration.

Sincerely,
Shelly Kocan

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Shelly Kocan, L.Ac.

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From: Shona Hosley <michelle@islandwings.com>
Sent: Thursday, June 18, 2020 3:00 PM
To: House Finance <House.Finance@akleg.gov>
Subject: Alaska CARES Act Small Business Grants for Losses Due to COVID -19

Dear House Finance Committee

RE: Alaska CARES Act Small Business Grants for Losses Due to COVID -19

My name is Michelle Masden, I am the owner of a small business in Ketchikan that has been operating for 28 years and has been greatly impacted by Covid-19. I have two year round employees including myself and three additional seasonal employees.

Most businesses in Ketchikan are considered small (less than 50 employees) many of which have been impacted in some way by COVID 19. A large number of those businesses make nearly 100% of their yearly income between May 1st and September 30th from passengers arriving by cruise ships and visitors arriving independently. This year, those businesses will not generate much, if any income, nor can they afford to offer services to the few visitors that are coming because the economies of scale will not support their minimum or fixed operating costs. In other words many businesses will not open because they cannot afford to operate with only a handful of customers.

Many businesses have received some assistance from Federal and State programs, however this assistance has been very specific about what the monies can be used for and can only be used for a limited time period. While grateful for the ability to use these funds for a 24 week period to help with payroll, and a small portion of some utilities and some rents, monies are needed for other operating expenses that will continue on through the winter until seasonal businesses can generate income once again in May of 2021. Some of the highest fixed mandatory operating costs are incurred whether or not businesses are able to operate in 2020, costs such as commercial mortgage payments, commercial property taxes and commercial insurance.

My total business income for 2020 will be approximately 2% of what it was in 2019, and yet my fixed operating costs will be 100% of what they were in 2019.

In order to help small businesses survive through 2020 and into 2021, I would like to request that any revisions to the current Alaska CARES Act funding for Small Businesses consider the following;

- Businesses who have received PPP or EDIL money should **Not** be excluded from Alaska Cares Act funding
- Additionally, raising the allowable PPP or EDIL maximum funding received to \$100,000 as the \$5,000 cap on these funds is much too low to be able to stay in business.
- Business grants should be awarded on a sliding scale proportionate to the total amounts of revenue lost during 2020. In other words businesses that are able to continue operating at or above their 2019's revenue should not be eligible for grants. Businesses not operating at all or who are operating at a fraction of their 2019's revenue should receive amounts proportionate to their losses.
- Applicants for business grant programs should be prioritized by the amounts lost with consideration to unrecoverable losses. Predominantly seasonal businesses such as B & B's, hotels, retail stores, charter fishing companies, air taxi businesses and tour providers to name a few cannot recover unrealized revenue in 2020 next year. Hotels cannot rent a room twice in one night and tour operators cannot put two people in one seat next summer. It will not be possible to "make up" the fixed costs of 2020 next year as 2021 will have its own fixed costs.

Thank you for your time and attention to this issue.

Respectfully,

Michelle Masden
Pilot/Owner
Island Wings Air Service

From: Anna Culley [REDACTED].com>
Sent: Wednesday, June 17, 2020 5:42 PM
To: House Finance <House.Finance@akleg.gov>
Subject: Childcare in Alaska

My name is Anna Culley. I have been a licensed home child care provider for 25 years in Fairbanks. I am a group home caring for 12 children from birth- 6 years old right now.

I understand, as does everyone, that Alaska is facing tough times because of the pandemic.

It seems though that this pandemic has offered us the opportunity to find out the real issues with lack of child care in Alaska. Parents will not be able to return back to work without childcare. I was able to stay open during March-May when a lot of childcares had to close, but I went to half enrollment and have suffered financially because of that. I choose to not lay off my two staff members to avoid creating issues with their families too.

In March we were told by CCPO that we would be getting some relief through the CARES act. We were promised three months of help. We received one and then were told that there was not any more money for childcare. This is not acceptable.

Please reconsider funding to allow us to operate our businesses and continue to serve the residents of Alaska. Without help I fear we will lose a lot of childcare facilities very quickly.

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Anna Culley

From: Joyce A Herr, CPA <jherr@jherrcpa.com>
Sent: Wednesday, June 17, 2020 7:55 PM
To: House Finance <House.Finance@akleg.gov>
Subject: PPP, EIDL and the Alaska CARES grant

Thank you for holding a committee meeting regarding the Alaska CARES grant and the issues with the eligibility of Alaska small business to qualify for these funds.

As a small business owner myself, I understand the problems and uncertainty that small business owners are facing in Alaska. I have spent hours researching the various programs available and helping my clients apply for them. Now, we all find out that we are not eligible for state assistance because we took advantage of the federal assistance.

Two issues that were not brought up during the teleconference:

1. Currently, businesses that have not applied for or received PPP and/or EIDL funds are eligible to apply for them as soon as they apply for the Alaska CARES grant. With funding still remaining in both programs, these businesses will more than likely be approved and will receive the funding, in addition to the Alaska CARES grant, while you require other businesses to return the funds.

With the proposed eligibility requirements, businesses that currently have received a PPP and/or EIDL would be allowed to return the funds and then would be eligible for the Alaska CARES grant. As far as I know, these businesses will not be able to reapply for either the PPP or EIDL once they return the funds.

2. Currently, self-employed business owners and partnerships are eligible for the Alaska CARES grant if their business has not received the PPP or EIDL, even if the business owner or the partners are personally receiving unemployment which is also part of the federal CARES Act funding. They have even been told that if their unemployment is less than their 2019 average monthly income, they can add the difference to their Alaska CARES application. They retain their Alaska CARES eligibility because the individual is receiving the unemployment, not the business. Self-employed business owners and partners in a partnership do not pay in state or federal unemployment tax but because of the CARES Act, they are eligible for state and pandemic unemployment. As other businesses are struggling to pay their bills and employees and keep their doors open, these self-employed business owners and partners are allowed to replace their self-employment income at 2019 levels and have their business expenses paid.

In contrast, most S-Corporation and C-Corporation owner/employees opted out of state unemployment but they do pay federal unemployment tax on their wages. Because they opted out, they are not eligible for any unemployment. I don't know of any programs that would allow a business to replace their income at 2019 levels. These businesses are just looking for help paying their bills.

As you continue with your discussions regarding the Alaska CARES grant, please remember that the EIDL loan is just that – a loan. The PPP starts out as a loan and a portion of it will remain as a loan if the business received an EIDL grant or is unable to use the PPP funds as required.

Please review the eligibility requirements in regards to the unemployment exception and open the Alaska CARES grant to as many businesses as possible without requiring them to repay their PPP or EIDL loans.

Please do not hesitate to contact me if you have any questions or would like further clarification on these items.

Thank you in advance for your attention to this matter.

Sincerely,

Joyce Herr

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