

United States Senate

March 22, 2020

The Honorable Mitch McConnell
Senate Majority Leader
U.S. Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Charles Schumer
Democratic Leader
U.S. Senate
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Majority Leader McConnell and Leader Schumer:

As you develop the third emergency supplemental bill to respond to the COVID-19 pandemic, we write to urge you to direct the Small Business Administration to lower the interest rate for SBA disaster loans for the foreseeable future to reflect the Federal Reserve's decision to reduce the benchmark interest rate to 0%.

As recently as March 20, 2020, the SBA Office of Disaster Assistance informed our offices that the SBA economic injury disaster loan (EIDL) interest rate has been set at 3.75% for small businesses and 2.75% for non-profits. As we understand it, these rates will apply to all small businesses and non-profits seeking EIDLs as a result of the 2019 Novel Coronavirus Public Health Emergency, unless and until the SBA updates the rate.

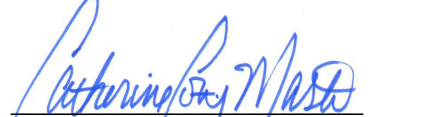
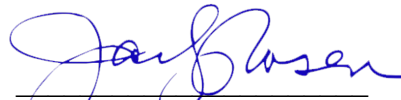

However, the Federal Reserve acted on March 15, 2020, to lower the benchmark interest rate to 0% to 0.25%. As a result, it would be appropriate to direct the SBA to lower the EIDL rate to 0%, both prospectively and retroactively so that the small businesses and non-profits that experienced economic injury as a result of this public health emergency have access to the lowest interest rate possible.

This is just one of the many critical steps that we need to take to protect small businesses during this severe economic disruption. Lowering the SBA EIDL interest rate is something that can be done immediately and will have a significant impact on small businesses and non-profits in states across the country that are applying for or preparing to apply for SBA disaster loans. We urge you to include this requirement in the next emergency supplemental bill, along with the appropriations necessary to implement lower interest rates. Thank you for your consideration.

Sincerely,



BRIAN SCHATZ
U.S. Senator


CATHERINE CORTEZ MASTO
U.S. Senator
KIRSTEN GILLIBRAND
U.S. Senator
ROBERT MENENDEZ
U.S. Senator
JACKY ROSEN
U.S. Senator
CORY A. BOOKER
U.S. Senator