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Hawaii Attorney General Joins Multistate Coalition Urging Congress to Strengthen Paycheck Protection Program

HONOLULU – Hawaii Attorney General Clare E. Connors, joined a coalition of 23 state attorneys general in calling for key changes to the Paycheck Protection Program (PPP) to ensure that funds are distributed fairly and equitably.

In a [letter](#) to Congressional leadership, the coalition of attorneys general express concerns that the program, while helping some small businesses and their employees, suffered from a lack of transparency, technical savvy, and functionality that led to funds being distributed in a manner overly benefitting large, well connected companies. As a result, the AGs argue that both the first and second rounds of funding with this program have left many small businesses across the country underserved by PPP.

“The Paycheck Protection Program is an incredibly important lifeline for small businesses,” said Attorney General Connors. “Accordingly, I urge Congress to ensure the funding makes it to the intended beneficiaries and is equitably distributed. It’s also important to improve communication and technical support for those in our communities who need this help.”

The coalition is calling for Congress to adopt the following measures before they allocate additional PPP funding:

- **Increasing Fair Access Funding for Small Businesses:** The AGs call for Congress to require the Small Business Administration (SBA) to provide stronger, explicit guidance to lenders ensure that funding goes to small businesses and not large, publicly traded companies. Additionally, the coalition urges Congress to adopt rules that prohibit lenders from giving preference to certain categories of customers over others, such as existing, larger customers or customers whose current debts could create conflicts of interest for the lender.

- **Ensuring Equitable Distribution:** The coalition calls for a portion of any future funding for the program to be allocated exclusively for minority-owned small businesses, and that funding should be fairly distributed across metropolitan areas, and that small banks and credit unions should be fairly represented by as lending sources involved in the program. The coalition also calls for the SBA to create a simple and straightforward process for “unbanked” or “lesser-banked” small businesses or those that do not wish to apply through their current financial institution to receive funding.
- **Better Communication and Transparency:** The AGs urge Congress to direct the SBA to provide more direct guidance to businesses during the application process. They also call for the SBA to be required to disclose more granular data on the percentage of loans in various size categories, the number and amount of loans processed by each lender, and the geographic distribution of all loans by metropolitan statistical area, borrower demographics, including gender, race, and ethnicity; and comprehensive data on the businesses that receive funding.
- **More Flexibility and Technical Support:** The AGs believe that the program does not adequately serve small businesses and requires more flexibility. The coalition calls for longer time limits for businesses looking to rehire employees, adjusting repayment and forgiveness requirements for businesses that allocate a smaller amount of revenue to salaries, and expanding qualifications for loan forgiveness. They also urge the Congress to provide the SBA with greater funding to improve technical support and mandate a uniform, user friendly process for use by lenders.

Joining this Massachusetts led coalition are attorneys general from California, Connecticut, Colorado, the District of Columbia, Delaware, Iowa, Illinois, Maryland, Michigan, Minnesota, New Mexico, New York, Nevada, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington State, and Wisconsin.

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