July 20, 2020

The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President:

I am writing today on behalf of the lumber and building material (LBM) dealer industry to follow up on our initial policy recommendations for your consideration as you work with Congress to continue the economic recovery from COVID-19. NLBMDA with its state and regional association partners represent over 6,000 building material retail locations nationwide who operate single and multiple lumber yards and component plants serving homebuilders, subcontractors, general contractors, and consumers in the new construction, repair and remodeling of residential and light commercial structures.

First, NLBMDA thanks your Administration for your continued leadership and action during this time of economic uncertainty. NLBMDA previously submitted policy recommendations to your Administration and congressional leadership in May, and we are pleased to see that several of our priorities have been enacted since then. The enclosed recommendations serve as an update and are focused on short-term solutions to help LBM dealers and residential construction as well as longer-term solutions that will continue the recovery in the future. Below are our recommendations:

1. **Maximizing Small Business Relief**

   *Protect employers from unwarranted lawsuits*

As the pandemic recovery continues, employers are facing the threat of unnecessary lawsuits related to COVID-19. NLBMDA members take health and safety seriously and do not feel that employers should be held liable when making good-faith efforts to follow applicable public health guidelines.

Congress has the opportunity to provide a safe harbor that will ensure negligent employers can be held accountable while simultaneously protecting those who are working to follow public health guidance.

   *Craft an appropriate balance for unemployment insurance*

Dealers across the U.S. want to ensure that employees are safe and able to continue receiving income during these difficult times. As the pandemic recovery continues, dealers support the appropriate balance of robust federal unemployment assistance and incentives to return to the workplace.
As such, NLBMDA supports reasonable limitations on the expanded unemployment insurance and specifically calls on Congress to help employers and employees return to more stable working conditions through the following solutions:

- Provide a variable supplement to state unemployment benefits designed to replace 80 to 90% of individual’s prior covered wages up to a maximum federal benefit of an additional $400 per week;
- For states unable to initially adjust their computer systems to calculate a replacement rate, provide a flat amount equal to half the maximum benefit (e.g., $200) per week for up to three months to provide time for computer system upgrades; and
- Phase down the additional benefit based on a state’s unemployment, providing the maximum benefit ($400) for unemployment rates above 15% and eliminating the bonus when unemployment falls below 7%.

**Improve SBA’s Paycheck Protection Program (PPP) for LBM dealers and other businesses**

Dealers around the U.S. have utilized PPP funding to sustain their businesses and retain employees during the pandemic. However, it is abundantly clear that implementation of the program has not been in sync with the intent of Congress. As you know, NLBMDA has been a key player in strengthening the program and working for clarity, and we were pleased to see that PPP was recently subject to needed changes and clarity.

Still, more work needs to be done. Namely, PPP loans should be made accessible for 501(c)(6) organizations to allow for regional lumber associations to have access to these loans if needed. In addition, NLBMDA members need immediate clarity on the extension of the covered period to 24 weeks and whether they can utilize a period short of that.

As such, we urge you to support the following solutions:

- Allocate an additional $250 billion for PPP loans so that all dealers have access;
- Forgive all PPP loans under $250,000;
- Expand eligibility to 501(c)(6) organizations;
- Issue guidance to clarify that dealers can choose a period between 8 and 24 weeks to utilize PPP funds.

**Allow dealer applicants to receive the maximum $10,000 for the Economic Injury Disaster Loan (EIDL) program**

EIDL allows businesses to receive economic relief for purposes other than just payroll expenses. Guidance stated that businesses would receive an advance of $1,000 per employee, up to $10,000. This fails to allow small businesses to receive funding that other businesses could receive simply for having more employees.

NLBMDA supports revised guidance and legislation to provide the automatic maximum grant for all applicants.

**Make the Federal Reserve’s “Main Street Lending Program” accessible and effective for LBM dealers**
The Federal Reserve has been implementing a program that will provide loans to businesses, states and municipalities. Under the Main Street Lending Program, small and mid-sized businesses may obtain loans from any U.S. federally insured depository, bank holding company or savings and loan holding company to maintain business operations. NLBMDA supports a minimum loan amount to be less than $1 million. NLBMDA also supports considering full or partial forgiveness of loans.

Ensure that dealers do not face continued hardship

Dealers across the U.S. have utilized several relief programs made available by the federal government. As the COVID-19 recovery evolves, America’s LBM dealers should not face undue penalties or ambiguous regulatory guidance. As such, we recommend the following:

- Prohibit PPP loan recipients from debt collection activities that negatively impact credit;
- Cut payroll taxes through December 31, 2020;

2. Strengthening Residential Construction

Boost the Low-Income Housing Tax Credit (LIHTC)

NLBMDA urges support for the Affordable Housing Credit Improvement Act (S. 1703 and H.R. 3077), which would address the nation’s shortage of affordable housing by protecting, expanding and strengthening the Low-Income Housing Tax Credit (LIHTC). NLBMDA calls for this legislation to be incorporated into subsequent congressional relief packages.

This legislation would boost affordable housing development by increasing the amount of credits allocated to each state by 50% over a five year period. It also establishes a minimum 4% credit rate floor which will increase the amount of equity available to build affordable housing and help close the gap between the costs of developing homes and the financing available to provide affordable rents to low and moderate-income families. Estimates have shown that 65,000 additional rental homes could be financed over the next 10 years if a minimum 4 percent floor is established for low-income housing tax credits, in combination with tax-exempt private activity bonds.

Since 1986, LIHTC has financed the development of over 3 million apartments, providing affordable homes to roughly 7.2 million low to moderate-income families. The development of these apartments has supported 3.4 million jobs, and generated $323 billion in local income and $127 billion in federal, state and local tax revenues.

Provide a one-year extension of the Low-Income Housing Tax Credit (LIHTC) statutory and regulatory deadlines

NLBMDA supports immediate guidance to allow LIHTC development to proceed free from compliance challenges resulting from COVID-19 delays.

Improve safety in the workplace

LBM dealers place a serious emphasis on the health and safety of their employees. One area of concern for dealers is the issue of testing. Specifically, there has been inconsistency with
COVID-19 tests and availability. LBM dealers are working to protect their employees and need greater access to tests. To protect LBM workers, NLBMDA suggests:

- Boosting PPE availability for both LBM dealers and construction;
- Regulatory agencies, such as OSHA, should emphasize assistance and consultations to businesses rather than emphasizing enforcement.
- Increase federal funding for COVID-19 tests;
- Distribute the 100 million swab tests to states immediately;
- Issue a rulemaking and/or guidance to ensure uniformity across the states regarding access to tests;

NLBMDA will continue to monitor the changing conditions and will provide additional recommendations to you as needed.

Thank you for your consideration of this important matter. Please contact me at jonathan@dealer.org with any questions.

Sincerely,

Jonathan M. Paine, CAE
President & CEO

cc:

U.S. Senate
U.S. House of Representatives

Building Material Suppliers Association
Construction Suppliers Association
Florida Building Material Association
Kentucky Building Materials Association
Lumbermen's Association of Texas
Midwest Building Suppliers Association
Mid-America Lumbermens Association
Mountain States Lumber & Building Material Dealers Association
Northeastern Retail Lumber Association
Northwestern Lumber Association
Western Building Material Association
West Coast Lumber & Building Material Association