

Congress of the United States
Washington, DC 20515

March 27, 2020

The Honorable Jovita Carranza, Administrator
Small Business Administration
409 3rd Street, S.W.
Washington, DC 20416

Dear Administrator Carranza,

Congress passed three laws that contain many provisions to help small businesses impacted by the COVID-19 pandemic. As the Small Business Administration (SBA) implements requirements, we write to ask that you waive the SBA affiliation rules for startups that would otherwise qualify for SBA resources so that companies that have received private investments may also take advantage of the resources Congress has made available to other small businesses.

As with every other part of our society, startups are feeling the devastating impact of the COVID-19 pandemic. This means that many startups are experiencing significant cuts to their revenues, fears about future access to capital, and are being forced to lay off employees in order to give the company a chance to survive the crisis. Some are already shuttering their businesses. Our economy depends on startups. In 2019, startup businesses created three million jobs.

Workers at startups are exactly who Congress intended to help in the small business relief provisions of the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 and the Coronavirus Aid, Relief, and Economic Security Act. As with other small businesses, these jobs are often the first to be eliminated in an economic downturn. If startups are not able to access these critical funds in this unprecedented time, they will face an uncertain and challenging future. We cannot let this terrible pandemic lead to irreparable damage to our most innovative and vibrant businesses and in particular their workers.

Under the SBA's current affiliation rules (13 C.F.R. § 121.103), every portfolio company which triggers the affiliation rules due to a minority investment from a venture capital firm may be ineligible for SBA resources if the cumulative sum of revenues or employees of all of its portfolio companies in which affiliation rules are triggered exceed the SBA's thresholds for small business. Because startups can sometimes have dozens of investors – including angel investors, venture capital firms, and the investing arms of corporations – even determining if any given startup is eligible could be prohibitively onerous for these companies to apply for SBA resources.

We ask that the SBA waive affiliation rules for small businesses and startups that would otherwise meet the revenue and employee count thresholds established by the SBA. We appreciate your prompt attention to this matter, and we look forward to your timely response.

Most gratefully,



Anna G. Eshoo
Member of Congress



Brian K. Fitzpatrick
Member of Congress



Stephanie N. Murphy
Member of Congress



Paul A. Gosar, D.D.S.
Member of Congress

AC

André Carson
Member of Congress



Earl L. "Buddy" Carter
Member of Congress



Jim Himes
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David Trone
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Mike Gallagher
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Sharice Davids
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Tom Emmer
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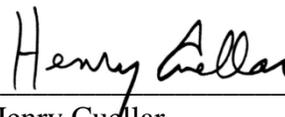
Jim Costa
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Peter T. King
Member of Congress



Cedric L. Richmond
Member of Congress



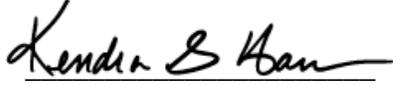
Henry Cuellar
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Darren Soto
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Kendra S. Horn
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