

Paycheck Protection Program Authorities

Section 1102 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116-136), authorized the Small Business Administration to guarantee loans made by banks or other financial institutions under a new program under Section 7(a)(36) of the Small Business Act titled the “Paycheck Protection Program” (PPP) to small businesses, certain non-profit organizations, veterans organizations, and Tribal business concerns, independent contractors and self-employed individuals adversely impacted by the Coronavirus Disease (COVID-19) Emergency (First Draw Program). SBA’s original authority to guarantee PPP loans expired on August 8, 2020.¹ On December 27, 2020, SBA received reauthorization under the Economic Aid Act (Pub. L. 116-260) to resume guaranteeing PPP loans through March 31, 2021. Among other things, the Economic Aid Act created a new program under Section 7(a)(37) of the Small Business Act – “Paycheck Protection Program Second Draw Loans” (Second Draw Program). On March 11, 2021, the American Rescue Plan Act was enacted amending various PPP statutory provisions. On March 30, 2021, the PPP Extension Act of 2021 (Pub. L. 117-6) was enacted, extending SBA’s PPP program authority through June 30, 2021.²

¹ Authority to provide other benefits under the program, such as loan forgiveness, were not impacted by that date and continued to be available to PPP borrowers.

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