

Submitted May 28, 2020 to United States Treasury and Federal Reserve via regulations.gov re:
Docket No. SBA 2020 – 0022

Re: **Independent Film & Television Alliance’s Comments to the Federal Register Notice
– Vol 85, No 86 at 26321, May 4, 2020, *Business Loan Program Temporary Changes
Paycheck Protection Program Requirements - Disbursements***

Dear Chairman Powell and Secretary Mnuchin,

The Independent Film & Television Alliance (IFTA) is the trade association representing the independent film and television industry, those companies that finance, produce, and distribute programming outside the major fully integrated studios. We have submitted comments in reply to other Notices about the SBA loan programs, including the Payroll Protection Program, and write now in response to this Notice to recommend that the interim final rule that requires a single disbursement of PPP loans be made by the bank within ten calendar days from approval of the loan and that the eight-week spend period begin upon that disbursement be adjusted so that multiple disbursements can be made delaying the start of the eight-week covered period in which the loan must be spent. Such loan once approved and disbursed may be eligible for forgiveness under certain circumstances so it is critically important that loan disbursement requirements support the way small businesses operate under the threat of COVID 19.

For those companies able to access funds through the PPP, the Program has been an important factor in keeping businesses alive. But the Program is modeled heavily on the manufacturing and retail industries in which continuous operation throughout the year and reliance on regularly scheduled, employed staff is the norm. In contrast, film production is episodic with activities concentrated around a limited, irregular period of time in which physical activity for each film is performed, and it can be at any time of year, or in phases, which will be the case as production ramps back up under new COVID 19 safety guidelines. Under the current interim rule the PPP loan must be disbursed for the total amount in one lump sum by the lender within 10 days of its approval and must be spent no later than eight weeks from that disbursement date. The eight-week period is unworkable for small businesses that are unable to re-open due to local regulations or the financial or logistical requirements of ramping up after months of nonactivity. IFTA strongly recommends that the final rule allow small business the necessary flexibility to adopt the most economically effective schedule for reopening and spending the loan funds. This can be accomplished by allowing companies to draw on the loan amount as needed and in multiple disbursements with the final disbursement triggering the eight-week period to spend the entire loan amount. Alternatively, given current uncertainties about restarting production and potential secondary closures, IFTA asks that the final rule allow that the loan may be spent through December 31, 2020, regardless of the date of the loan approval or the last disbursement of the PPP loan.

As shutdown conditions have extended in many locations, and it is still uncertain exactly when production will resume, partially or fully, it is appropriate to recognize additional time periods of significance to different businesses. Given the vagaries of film production scheduling

as well as the numerous different time intervals that give rise to episodic work, and the intention of the Program to support small businesses expeditiously, independent film companies would benefit by allowing the PPP loan to be spent at the proper time in the business cycle of each loan recipient that best corresponds to that business' own employment cycle.

We understand that lenders will not receive their processing fee until the full loan is disbursed; however, the Program is aimed at allowing small business to survive, and the recovery of Main Street USA is good for everyone including the lenders. We also understand that time is of the essence with PPP loan applications due by June 30th, and hope that the time period in which to spend the PPP loan is quickly extended through the end of this year. Promulgating a final rule that allows multiple draws of a PPP loan, and starting the eight-week covered spend period on the date of last disbursement, and/or extending the spending period to December 31, 2020, appears to be in the discretion of the Federal Reserve, and would allow small business flexibility to best save and ramp back up their businesses.

About the Independent Film & Television Industry and its worldwide trade association, Independent Film & Television Alliance.

The U.S. film and television production industry is a key economic driver of our economy and one of our nation's most successful sectors, generating \$242 Billion in direct economic activity in the U.S. and producing \$16.3 Billion in export activity, a trade surplus of \$9.4 Billion. The industry creates 2.5 million jobs of which 892,000 are direct jobs and over 1.6 million are in companies that support the industry. In all some 93,000 businesses, located in every state, comprise the U.S film and television industry. Most are small businesses with fully 87% employing fewer than 10 people. Over \$28 Billion in sales taxes, federal taxes, state income taxes and other taxes are paid by the industry. IFTA Member companies are collectively responsible for creating nearly \$2.4 Billion in intellectual property exports (with a good portion of these sales made each year at IFTA's *American Film Market*), and U.S. domestic sales activity at \$3.15 Billion.

In March 2020, the U.S. film and television industry was brought to a standstill as all production ceased under safety orders, cast and crews were sent home, cinemas throughout the world ceased operating, and the revenue streams on which all industry stakeholders depend dropped precipitously to reflect only in-home viewing. History tells us that this industry will revitalize and emerge again to make and deliver the programming demanded worldwide and to be an economic engine across the country, providing thousands of jobs in California, New York, Georgia, and many more states. It is in our national economic interest to support that revival.

We look forward to further engagement on the PPP and how it can help to support the survival and economic recovery of the U.S. film and television industry. Thank you.

Respectfully submitted by IFTA,

Jean M. Prewitt
President & CEO

Susan Cleary
Vice President & General Counsel