

June 8, 2020

The Honorable Nancy Pelosi, Speaker
United States House of Representatives
1236 Longworth House Office Building
Washington, D.C. 20515

The Honorable Mitch McConnell, Leader
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Kevin McCarthy, Leader
United States House of Representatives
2468 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Charles Schumer, Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Speaker Pelosi and Leaders McConnell, McCarthy and Schumer:

On behalf of the National Marine Manufacturers Association (NMMA), I write to thank you for efforts in recent economic relief packages – which helped keep employees on the payroll and sustain U.S. marine businesses during forced closures. However, thousands of American jobs and businesses supported by our industry continue to be at risk as the industry faces a potential loss of \$22.2 billion due to the halt in economic activity brought on by the coronavirus (COVID-19) pandemic.

As cities and states begin to reopen, continued support is needed as businesses remained shuttered for weeks and months – at no fault of their own – and unfortunately, that lost period of business cannot be made up. As a uniquely American industry – 95 percent of the boats that are sold in the U.S. are made in the U.S. – we request you consider additional measures to provide U.S. marine manufacturers with more financial relief, invest in domestic manufacturers, ensure worker safety, and help our economy recover by investing in recreational businesses and infrastructure.

NMMA is the trade association for the U.S. recreational boating industry, representing nearly 1,300 marine businesses, including recreational boat, marine engine and accessory manufacturers. In fact, the vast majority—85 percent—of recreational boat manufacturers are small businesses. The recreational boating industry has a significant impact on our nation's economy, supporting nearly 700,000 American jobs across 35,000 U.S.-based marine businesses.

We appreciate your efforts, thus far, to provide immediate relief to small and medium sized businesses and to keep our communities safe and look forward to working with you to protect American workers and ensure continued economic growth for U.S. small businesses.

Sincerely,



T. Nicole Vasilaros, Esq.
Senior Vice President, Government and Legal Affairs
National Marine Manufacturers Association

Provide Small and Medium-Sized Businesses Financial Relief

Backdate the Paycheck Protection Program (PPP) Covered Period

We appreciate Congress' work to extend the PPP covered period to 24 weeks; however, many small businesses maintained payroll from February 15, 2020 to comply with PPP loan forgiveness requirements. Unfortunately, these payroll costs are not included in loan forgiveness amounts.

1. Loan forgiveness periods should be backdated to February 15th to ensure payroll costs are covered for businesses that maintained payroll prior to receiving a PPP loan.

Improve the Employee Retention Credit

While we are grateful for Congress' efforts to allow PPP recipients to defer payroll taxes, at a time with much financial uncertainty, businesses need additional assistance to ensure they can keep workers on the payroll.

1. Expand the employee retention tax credit from 50% of qualified wages;
2. Increase the limit on wages to at least \$45,000; and
3. Allow PPP recipients to also qualify for this tax credit.

SBA Affiliation Rule Waiver for Recreational Boating Industry

The U.S. marine industry has seen an increased pace of mergers and acquisitions across the board since the Great Recession. As a result, a significant percentage of U.S. recreational boat builders – of which 85 percent are small businesses – are not able to access sources of economic relief from SBA's 7(a) loan program because current regulations require applicants to aggregate all of their commonly controlled but separately organized businesses.

1. Congress waive affiliation rules for businesses in the marine industry that would otherwise qualify under the SBA's size standards for recreational boating businesses.

Allow 501(c)(6) Organizations to Qualify for PPP

Trade associations have played a critical role providing guidance and resources to help small businesses navigate this period of economic uncertainty. Additionally, these associations host trade shows and events that serve as an important source for the industry's sales.

1. We urge Congress to broaden its definition of a nonprofit organization established in CARES Act to include 501(c)(6) organizations to allow those organizations to qualify for the PPP and other SBA programs.

Provide Flexibility for Seasonal Employers

The industry appreciates the administration's efforts to provide more flexibility under the PPP for employers by allowing seasonal employers to utilize payroll from May 1, 2019 to September 15, 2019; however, more flexibility is needed. PPP loan amount calculations are currently based upon set seasonal or annual periods. While we appreciate the SBA's guidance that adjusted for some seasonal periods, it is still problematic for calculating the

loan amount because they exclude peak months in which most seasonal businesses operate, such as December and January – which translates into fewer dollars to bring employees back onto payroll

1. Congress needs to expand upon this to ensure that seasonal businesses calculate the number of employees used for determining forgiveness during a future eight-week period in which their operation has resumed, but prior to December 31, 2020.
2. PPP loan amounts should be calculated using a consecutive four-month period in 2019 that includes the two primary months in which the business operated.

Support Manufacturers that Produce PPE

Recreational marine manufacturers across the country are retooling facilities to produce Personal Protective Equipment (PPE) to support the medical community in the fight against the COVID-19 pandemic. In addition to supporting the businesses that have already repurposed their facilities, providing financial incentives would encourage other businesses to retool their facilities to produce PPE and address the shortage. Marine manufacturers have produced more than 500,000 units PPE – including masks, face shields, gowns and respirators – to support the medical community in the fight against the COVID-19 pandemic.

1. Congress should provide direct financial support and/or tax credits to businesses that have shifted production efforts to manufacturer PPE.

Business Interruption Insurance Should Cover Losses from COVID-19

Business Interruption Insurance (BII) plans are designed to help replace lost income and pay for extra expenses when businesses face interruption of business operations. However, business interruption coverage is not required to cover disease, which prevents businesses from receiving assistance through existing BII plans.

1. NMMA encourages Congress to issue a requirement that BIL cover losses incurred specifically from the COVID-19 pandemic retroactive to the March 13, 2020 National Emergency Proclamation or to the date in which a Governor declared a Public Health or State of Emergency due to Covid-19, and establish a federal relief fund for state insured agencies to be able to handle the COVID-19 coverage option.

Delay or Permanently Repeal Research and Development Amortization

Prior to the Tax Cuts and Jobs Act, businesses could fully expense the cost of research and development (R&D) by deducting the costs of R&D from their taxable income in the year that those costs occur. Starting in 2022, businesses will be required to amortize their R&D costs over five years, instead of deducting them immediately each year. This requirement overstates taxable income, which results in an increased cost of investment, discourages R&D, and reduces the level of economic output.

1. NMMA urges Congress to permanently repeal R&D amortization and allow businesses to fully expense the cost of R&D.

Assist with Trade Show and Major Event Cancellations

Trade and industry events are the lifeblood of funding for trade associations and for recreational boating industry, as 50 percent of all boat sales are generated at trade shows.

Specifically, recreational boat shows generate \$51.1 billion in economic value for local and state economies each year. Without state and federal financial assistance, the ability to produce safe and high-quality shows will be inhibited, resulting in cascading economic impacts for the local community and surrounding hospitality and travel businesses.

NMMA urges Congress to consider the following measures to support trade shows and events across the country:

1. Incentivize trade show production through tax credits for exhibitors and attendees.
2. Create a temporary business travel tax credit (expenses over \$50) to incentivize travel.
3. As long as a trade show follows proper public health guidance to protect employees and attendees, the association should be afforded a limited safe harbor from exposure liability related to COVID-19.
4. Eliminate restrictions on travel and entertainment deductions.
5. Provide short-term grant funding to cover costs associated with significant sanitation and infectious disease prevention measures associated with show production.

Provide the Opportunity to Refinance Existing SBA Loans

To allow small businesses to take advantage of lower interest rates, the SBA should provide small businesses the opportunity to refinance all existing 7(a) loans to help ensure they have more cash flow.

Remove Section 301 and 232 Tariffs

Disruptions in the supply chain and exorbitant tariffs on \$360 billion worth of products and aluminum and steel tariffs have prevented our small businesses from expanding capital in the U.S. American manufacturers rely on a global supply chain and should not be subjected to steep tariffs for utilizing their long-standing relationships or wholly-owned facilities.

1. NMMA strongly urges Congress to work with the administration to eliminate Section 301 Chinese tariffs and Section 232 aluminum and steel tariffs to promote and protect American jobs.
2. We also encourage Congress and the administration work with our European allies to suspend their own retaliatory measures to avoid exacerbating further global economic loss.

Invest in American Manufacturers

Establish the Manufacturing Resiliency Fund

Congress should establish a federal Manufacturing Resiliency Fund of at least \$1.4 trillion to provide interest-free loans and grants to manufacturers impacted by COVID-19, ensuring financial security for the nearly 13 million men and women who make products in America.

Create the Manufacturing Institute

Congress should establish a National Institute of Manufacturing, which would focus on research and development (R&D) to policies for small manufacturers. The establishment of a national institute of manufacturing – based on a model similar to the national institutes

of health – would serve as a hub for all federal manufacturing programs in the executive branch and coordinate federal manufacturing policy across agencies.

Ensure Workplace Safety for Employees and Consumers

Robust Testing and Contact Tracing Support

As marine manufacturers begin to reopen, the industry is taking steps to ensure the health and safety of employees through measures, such as social distancing plant floors, temperature checks, and health evaluations.

1. NMMA fully supports robust funding to the public health community to support testing and contact tracing efforts. Significant investments in testing and contract tracing will help ensure workers and customers operate in a safe environment.

Provide Personal Protective Equipment

Recreational marine manufacturers across the country retooled facilities to produce more than 500,000 units of PPE – including masks, face shields, gowns, and respirators – to support the medical community in the fight against the COVID-19 pandemic. In fact, at a time when PPE supply chains are in short supply, based on CDC guidelines, PPE is critical to ensure a safe workplace and customer experience. Many manufacturers have produced their own PPE for employees to ensure that they do not impact the supply chain for first responders.

1. Congress should provide direct financial support and/or tax credits to businesses that have shifted production efforts to manufacturer PPE and trade associations that follow proper public health guidance to protect employees and attendees.

State and Local Government Relief

State and local government budgets have been upended as a result of COVID-19-related expenses and a tremendous loss in revenue, as businesses shuttered and residents stay home. As more and more Americans take to the water, especially this summer, more funding will be used for important infrastructure projects and conservation programs. To support first responders, law enforcement, and other frontline workers, states and localities should receive support in order to continue keeping communities safe and healthy.

1. NMMA fully supports reauthorization of the Sportfish Restoration and Boating Trust Fund – which provides more than \$115 million to the U.S. Coast Guard for boating safety and law enforcement – and robust federal funding to state and local governments; specifically, a provision in the recently House-passed HEROES Act would provide \$500 billion to states and \$375 billion to local municipalities and counties.

Invest in Recreation Infrastructure to Increase Access and Revitalize the Outdoor Economy

Prioritize and Promote Outdoor Recreation to Revive Local Economies

Given the significance of recreation in driving local economies, reopening access to recreation and promoting outdoor recreation will be essential to bouncing back from economic downturn.

1. As part of the Department of Interior’s “recovery activities” from COVID-10, Congress should provide funding to the department to promote and market outdoor recreation, which will be critical in the recovery of local communities and businesses.
2. Congress should waive fees on public lands and waters to provide flexibility in the administration of contracts, permits, and other authorizations that have been granted to visitors of lands or waters managed by federal land and water management agencies. Such flexibility shall include, but not be limited to, fee deferrals and waivers, contract extensions, operational flexibility, and other appropriate measures to mitigate such impacts.

Pass the Great American Outdoors Act (GAOA)

GAOA prioritizes the \$20 billion maintenance backlog on public lands and waters and fully funds the Land and Water Conservation Fund (LWCF). It includes the Restore Our Parks Act (ROPA), which would help fund key improvements to recreation facilities such as docks, campgrounds, trails, roads and more – many of which are key drivers of rural economies and have needed repairs for years. There are deferred maintenance projects within nearly every public land and water unit.

1. This bill would achieve the decades-long goal of fully and permanently funding LWCF into the future while allowing for more recreation access projects that will support a thriving outdoor economy for years to come.

Pass the Safer Harbors for Our Recreation Economy (SHORE) Act

The bipartisan SHORE Act would require the U.S. Army Corps of Engineers (USACE) and the Office of Management and Budget (OMB) to account for recreation-based economic impacts in cost-benefit analysis procedures used to prioritize funding for harbor maintenance, intracoastal, and inland waterways projects. This would ensure critical water infrastructure projects that support recreation activity and play a key role in creating jobs and driving economic growth get the funding they need and deserve.

Provide Direct Relief Funding for Ports

Ports have not been eligible for many of the recently enacted relief programs. These entities need assistance to remain vitally important to the well-being of our communities during this time and will be critical for recovery efforts once this crisis is over.

Most importantly, small ports that serve recreation and commercial activities are often the lifeblood of communities and are the hardest hit by these events. Previous aid has served other sectors of the transportation industry deemed essential and now it is critical that all of our nation's ports receive much needed assistance through dedicated ports funding to maintain recreational access and keep supply chains moving.

Invest in Resilience and Flooding Mitigation in the Great Lakes Region

At a time when much of the nation is being hammered by the effects of the coronavirus pandemic, the added obstructions to recreational access from flooding in Great Lakes communities exacerbate already struggling recreation businesses and communities. Studies have shown that resilience and mitigation spending save taxpayers more than \$6

for every dollar invested before disasters occur. It is more important now than ever that Congress include the following measures in the next relief package to provide local communities with resources to proactively curb the impacts of rising water levels, erosion, and flooding, as well as expedite recovery efforts to rebuild in the aftermath of natural disasters.

1. **The Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act.**

This bill would provide crucial infrastructure support for local communities facing rising water levels, coastal erosion, flooding that has put homes and property at risk, and caused millions of dollars in damages. The STORM Act allows FEMA to help states establish revolving loan funds that can provide local governments with low-interest loans to be used to help mitigate the impact of these risks in a more cost-effective way. Unlike existing FEMA grants, these loans would more quickly provide local communities with capital necessary to invest in more resilient infrastructure.

2. **The Preliminary Damage Assessment Improvement Act** would designate permanent disaster assessment (PDA) teams to help expedite FEMA's process for conducting damage assessments. Currently, the average time between when a disaster occurs and the submission of a corresponding disaster request is approximately twenty days longer for flood events. Given the importance of the PDA process to federal assistance request, the lack of permanent PDA teams within FEMA endangers access to relief for devastated communities.

3. **Establish the Great Lakes Flooding Recovery Grant Program** to provide financial assistance to property owners, businesses, nonprofit organizations, and communities affected by rising water levels across the Great Lakes region. Historically, wet spring times have resulted in significant flooding damages for businesses and homes, eroding property and disrupting or forcing businesses to close. Water dependent businesses are expecting to face record high water levels across the Great Lakes this year, and uncertain economic conditions related to the public health crisis will only compound business losses, and could increase the number of small businesses required to permanently close.

Reauthorize the Sportfish Restoration and Boating Trust Fund (SFRBTF)

The SRBTF is set to expire in 2021, but it serves as the backbone for fisheries conservation funding in the United States and is a critical funding pool for boating infrastructure projects. Taxes on fishing tackle and equipment, motorboat fuel, imported boats and fishing equipment, and small engines are pooled together to create this fund of \$650 million each year.

1. Boating infrastructure projects play such a large role stimulating local economies, and any additional federal relief measure should include the bipartisan Sport Fish Restoration and Recreational Boating Safety Act of 2019 (H.R. 4828) to extend the Trust Fund through 2024.