

December 21, 2009

**Filed Electronically**

Karen Mills  
Administrator  
Small Business Administration  
409 Third Street, SW  
Washington, DC 20416

Dear Ms. Mills:

This letter is in response to the Small Business Administration’s (SBA) request for comments on its proposal to increase the small business size standards for 48 retail trade industries. [74 Fed. Reg. 53,924](#) (Oct. 21, 2009). The SBA also made available to the public its size standards methodology. [74 Fed. Reg. 53,940](#) (Oct. 21, 2009). These size standards determine eligibility for Federal small business assistance programs including the 7(a) business and dealer floor plan loans.

Access to SBA loan programs is important to the marine industry because it has been hit extremely hard by the financial crisis. There has been a massive exodus of marine lenders leaving the market. The resulting credit tightening has meant that boat dealers have limited or no access to credit to keep their businesses operating. This tightening also affects boat manufacturers, who are unable to provide boats to dealers to restore depleted inventories. Consequently, boat dealers and manufacturers alike have and will continue to face lay-offs, furloughs, plant closures as well as liquidations and bankruptcies. The SBA action to improve the marine industry access to SBA business and dealer floor plan loans will help to mitigate the credit crunch and restore lost jobs.

Currently, a boat or personal watercraft dealer (NAICS 441222 & 441221) is eligible for a SBA loan 7(a) loan program if it has total annual receipts under \$7 million. SBA temporarily put into place alternative size standards available for the 7(a) Business Loan Program that will expire on September 30, 2010. [74 Fed. Reg. 20,577](#) (May 5, 2009). Under the temporary interim rule, a marine dealer is also eligible if it has a tangible net worth not in excess of \$8.5 million and average net income, after Federal income taxes not in excess of \$3.0 million for the preceding two completed fiscal years (excluding any carryover losses). SBA proposes to make the following size standard changes for boat dealers:

NAICS	Current Size Standard (millions)	Revised Size Standard
441221 – Motorcycle, ATV, and Personal Watercraft Dealers	\$7.0	\$14.00
441222 – Boat Dealers	\$7.0	\$14.00

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In comparison, SBA has proposed the following changes for auto and recreational vehicle dealers.

NAICS	Current Size Standard (millions)	Revised Size Standard
441110 – New Car Dealers	\$29.0	\$30.0
441210 – Recreational Vehicle Dealers	\$7.0	\$30.0
453930 – Manufactured (Mobile) Home Dealers	\$13.0	\$14.00

NMMA supports the increasing of the size standards for both the boat and personal watercraft dealer categories and is pleased to see that SBA concluded that a doubling of the standard is warranted. However, SBA should consider some additional factors before settling on a \$14 million dollar level for these dealerships. For example, there are similarities between boat and recreational vehicle dealerships, which SBA increased from \$7 million to \$30 million. It is not uncommon for dealers to sell both products. The existence of consumer shows that include boat and RV products due to the similar customer base supports the similarity of the industries. For these reasons, NMMA urges SBA to increase the size standard for boat and personal watercraft dealers to be more closely aligned with the recreational vehicle dealer's standard. Such an increase would also provide flexibility to those dealerships that are selling both products.

NMMA concurs with the SBA's plan to simplify the administration of SBA's size standards by establishing fewer size standard levels to allow for common standards for businesses operating in multiple related industries. Such an approach provides for greater consistency in the size standards among industries that are similar in their economic characteristics. SBA should apply this policy by aligning boat and RV dealers.

By way of background, the National Marine Manufacturers Association (NMMA) is the leading national recreational marine trade association, with 1,500 members involved in every aspect of the boating industry. NMMA members manufacture over 80 percent of recreational boats, engines, trailers, accessories and gear used by boaters and anglers in the United States. The vast majority of NMMA members are small businesses. NMMA appreciates SBA's work on this important initiative and is available to answer any questions at 202-737-9766; [csquires@nmma.org](mailto:csquires@nmma.org).

Sincerely,



Cindy L. Squires, Esq.  
Chief Counsel for Public Affairs & Director of Regulatory Affairs