



The Honorable Jovita Carranza Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

May 4, 2020

Re: Improvements to PPP Loan Forgiveness Criteria for Seasonal Businesses

Dear Administrator Carranza:

We are writing to you today to thank you for supporting seasonal outdoor recreation businesses through the Paycheck Protection Program and to request a vital change to the program that will enhance its efficacy and support the goal of retaining workers.

Outdoor recreation has been a major force in the American economy. Annually, it generates \$778 billion in output, comprises 2.2 percent of the United States GDP and supports 5.2 million jobs – many of which are in rural communities. While the overall impact of the outdoor economy is massive, the industry is primarily comprised of small businesses. These small businesses, many of which are in rural communities, are vital to the health and economic well-being of the communities they support. As the COVID-19 crisis unfolds, thousands of these businesses are suffering and in danger of failing.

Outdoor Recreation Roundtable (ORR) – the nation’s leading coalition of outdoor recreation trade associations, made up of 31 national trade associations serving **more than 100,000 businesses** – thanks the administration for making an adjustment to the Paycheck Protection Program to allow seasonal businesses to calculate the amount of a Paycheck Protection Program Loan using a consecutive 12-week period between May 1 – September 15, 2019. For summer seasonal businesses, this change will allow them to increase the total loan amount by including their primary operating months in the loan calculation. A larger loan translates into more funds to retain employees and continue operations. These improvements support the intent of the Paycheck Protection Program and help to maximize its positive effect. Thank you.

We would like bring to your attention an additional measure that can be taken to further enhance the effectiveness of the Paycheck Protection Program for seasonal businesses. The forgiveness criteria need to be adjusted to accommodate the nature of seasonal business operations. In the following section, we offer a description of the problem and two proposed solutions.

Currently, the law requires seasonal employers to maintain the same number of employees during the 8-week loan period as the employer had during the period February 15 – June 30, 2019. This method of calculating FTEs is problematic because winter seasonal businesses will

have a significantly higher number of FTEs over the February 15 – June 30, 2019 period (due to winter recreational activities in February-March) than they would have during the 8-week loan period in 2020 (because April – June is the off season for winter recreation businesses). As a result, these winter businesses will be unable to hire enough workers during the 8-week loan period to receive forgiveness of the loan. Similarly, for businesses that focus on summer activities, it is impractical for them to calculate FTEs for loan forgiveness during an 8-week loan period that occurs in April – June (the time period when most PPP loans will originate) because the business has not commenced summer operations yet. To account for these circumstances, seasonal businesses should be allowed to:

- Calculate the number of FTEs that are required for forgiveness during an 8-week period in 2019 that is equivalent to the 8-week loan period in 2020. For example, if the loan is issued for May 1 – June 30, 2020, the number of FTEs required for forgiveness would be based upon the period May 1 – June 30, 2019; OR
- Calculate the number of FTEs used for determining forgiveness, and allow use of the loan proceeds, during a future 8-week period in which business operations have resumed, but prior to December 31, 2020.

We are very appreciative of SBA's willingness to accept suggestions to enhance the efficacy of the Paycheck Protection Program. The aforementioned change to the forgiveness criteria will enable the program to benefit seasonal businesses of all types, increase the number of employees that can be retained in the recreation sector, and bolster the recreation industry that is supporting the needs of an American population that stands to gain great benefits from time spent outdoors.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jessica Wahl', with a stylized, cursive script.

Jessica Wahl
Executive Director
Outdoor Recreation Roundtable