



April 21, 2020

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

Dear Administrator Carranza:

Americans' lives and communities have changed dramatically in a very short amount of time. Schools, businesses, shops and more are temporarily closed because of COVID-19, and Americans are looking to the outdoors – while adhering to CDC guidelines – to provide a necessary reprieve from the intense mental and physical stress caused by this crisis and the vital efforts to combat it.

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. The outdoor industry has also been growing faster than the economy as a whole in every indicator and during a time period when there has been unprecedented economic growth. In order to swiftly recover from this economic recession, all efforts should be taken to support this sector that can help communities recover, grow the economy, create American jobs and continue to benefit Americans' quality of life.

While the overall impact of the outdoor economy is massive, the industry is mostly small businesses that are vital to the health and economic well-being of their communities, many in rural areas. Thousands of these businesses are suffering and in danger of failing because of the COVID-19 outbreak and the ensuing efforts to mitigate the virus' spread, including social distancing, travel restrictions, caps on group size, public land and retail closures, supply chain issues and more. Recreation businesses oftentimes rely on seasonal trips and travel and should be kicking off the busy spring and summer months, but instead are shuttered. They also rely on accessibility to recreation assets on our public lands and waters, adequate infrastructure, and the certainty of manufacturing, retail and trade, all of which have been interrupted.

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 the implementation of the Paycheck Protection Program, but there is still much to be done. Swift action is needed on adjustments to this ground-breaking program that address the unique challenges facing our industry, much of which relies heavily on seasonal employment to survive. We propose the following adjustments:

Provide Flexibility for the way Seasonal Employers Calculate PPP Loan Forgiveness

When calculating loan forgiveness, the CARES Act requires seasonal employers to maintain the same number of employees during the 8-week loan period in 2020 as the employer had

during the period March 1 – June 30, 2019. This method of calculating FTEs is problematic because winter seasonal businesses will have a significantly higher number of FTEs over the required period in 2019 (due to skiing activities in February-March) than they would have during the 8-week loan period in 2020 (because April-June is the off season). 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 is not fully operating 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 during a future 8-week period in which their operation has resumed, but prior to December 31, 2020.

#### Provide Flexibility for the way Seasonal Employers Calculate PPP Loan Eligibility

The CARES Act requires seasonal businesses to calculate the PPP loan amount based upon the seasonal period of February 15 – June 30, 2019 or March 1 – June 30, 2019; or over the entire 2019 year. The seasonal periods are problematic for calculating the loan amount because they exclude the primary months in which most seasonal businesses operate (July-August or December-January). The annual period is problematic for calculating the loan amount because it includes many months in which the business is not operating at all. Both of these scenarios result in a significantly lower loan amount for a seasonal business, which translates into fewer dollars to bring employees back onto payroll.

- Seasonal employers should be allowed additional flexibility to calculate the amount of the PPP loan using a consecutive four-month period in 2019 that includes the two primary months in which the business operated.

#### Extension of Paycheck Protection Program (PPP) Cost Beyond 8 weeks

PPP provides total loan forgiveness for up to eight weeks of average payroll and other costs if the business retains its employees and their salary levels.

- As more states issue new or expanded orders extending mandatory closures beyond the eight-week threshold, loan forgiveness for payroll costs should be extended up to an additional 8 weeks – or so long as a state’s emergency order remains in place beyond the 8 weeks – if employees are retained and salary levels mostly maintained.

#### Waive Affiliation Rules for Outdoor Recreation Businesses

As marine, recreational vehicle (RV) and other outdoor recreation businesses have become more profitable in the years following the Great Recession, these U.S. industries have seen an increased pace of mergers and acquisitions across the board. While this trend is a telling sign of a healthy industry, it has also put a myriad of companies at a significant disadvantage in accessing federal relief assistance from the impacts from COVID-19. The current SBA 7(a) loan program regulations require applicants to aggregate all of their commonly controlled but separately organized business entities when determining the total number of employees for loan eligibility. As a result, a significant percentage of U.S. recreational boat and RV builders and dealers are not able to access sources of economic relief from SBA’s 7(a) loan program.

- Given that 85 percent of U.S. recreational boat manufacturers are small businesses and an estimated 97 percent of U.S. RV dealers are small businesses, it's imperative that the next stimulus package waive affiliation rules for businesses in the marine and RV industry that would otherwise qualify under the SBA's size standards for recreational boating and RV businesses.

These changes will ensure that small outdoor businesses – oftentimes the cornerstones of their communities – will be able to properly take advantage of the Paycheck Protection Program and survive until the public is able to responsibly return to their beloved public lands and waters. ORR stands ready to work in partnerships with the federal government to ensure all Americans can access responsible recreation on their public lands and waters for generations to come.

Sincerely,  
*Outdoor Recreation Roundtable*

cc: U.S. Department of the Treasury