

March 19, 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 regarding a potential federal aid package to support small businesses and industries impacted by the coronavirus (COVID-19) epidemic. As NMMA continues to closely monitor the COVID-19 situation, we appreciate your work to keep our employees and communities safe, and request you consider the following measures to further protect employees, support small businesses and allow U.S. manufacturers to reinvest in America.

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. The vast majority—84 percent—of recreational boat manufacturers are small businesses, and in fact, 95 percent of the boats that are sold in the U.S. are made in the U.S. NMMA members collectively manufacture more than 85 percent of the marine products sold in the U.S. Furthermore, the recreational boating industry has a significant impact on our nation's economy and in communities across the country, employing nearly 700,000 American jobs across 35,000 U.S.-based marine businesses.

Establish the Manufacturing Resiliency Fund

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

Remove Section 301 and Section 232 Tariffs

NMMA is concerned with supply chain uncertainty as more and more overseas manufacturing plants temporarily shutter their facilities. Disruptions in the supply chain and exorbitant tariffs on \$360 billion worth of products and aluminum and steel tariffs have prevented U.S. small businesses from expanding capital in the U.S. Our small businesses rely on a global supply chain and should not be subjected to steep tariffs for utilizing their long-standing relationships or wholly-owned facilities.

- We strongly urge Congress and the administration deliver a federal aid package that eliminates Section 301 Chinese tariffs and Section 232 aluminum and steel tariffs to promote and protect American jobs.
- We also encourage other countries to follow suit and suspend their own retaliatory measures to ensure further global economic loss is not exacerbated.

Tax Credits During Time Businesses are Forced to Temporarily Close

Our first and foremost priority is the health and safety of our direct employees and the hundreds of thousands of Americans who work for the recreational marine industry; thus, we must ensure that workers have continued access to adequate health care in the event of lay-offs from an economic downturn.

- We applaud Congress' recent efforts to provide resources and assistance – including tax credits – for employers who continue to pay workers who are quarantined and encourage you to extend that support during periods that a business is forced to temporarily close.

Provide Small and Medium-Sized Businesses Financial Certainty

- We request that Congress encourage banking regulators to provide flexibility for small and medium-sized businesses facing short-term financial challenges, such as short-term loans.
- We also ask the IRS to delay all scheduled federal tax payments (including quarterly payments of estimated tax for all businesses) for 90 days by waiving interest and penalties that would otherwise apply.
- Congress should enact legislation that allows companies to defer taxation on income from loan modification, forgiveness or cancellation.

Streamline Approval for Small Business Disaster Loan Program

Congress must ensure the Small Business Administration (SBA) disaster loan program is immediately available nation-wide to small businesses impacted by COVID-19 and streamline SBA's authority to approve disaster loans so these businesses can receive emergency capital more quickly.

Establish Small Business Sustainability Program to Support Employee Retention

Using the Washington State Employment Security Department (ESD) SharedWork Program as a model, establish a national program to protect businesses and keep workers employed. By using the ESD SharedWork Program, small businesses avoid layoffs by retaining employees at reduced hours, while employees collect partial unemployment for hours lost. This program assisted many businesses in surviving the recession and has proved successful in saving payroll and retaining skilled workforce.

Provide Capital to Pay Off or Refinance Existing Loans and Support Operational Expenses

To allow small businesses the opportunity to take advantage of lower interest rates, the SBA should provide small businesses with the opportunity to refinance existing loans, and establish a temporary guaranteed loan program to provide small businesses with capital to pay off debt, provide employee benefits, pay employee wages and related taxes, and acquire technological and other resources that enable continuity of operations.

Establish a Small Business Czar

Assist in the response for small businesses by recommending the administration appoint a small business “czar” to help small businesses navigate the opportunities and measures that will aid their recovery.

Permanently Repeal Research and Development Amortization

Prior to the Tax Cuts and Jobs Act (TCJA) 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. Expensing is the proper tax treatment of investment and other business costs, as it prevents a firm’s profits from being overstated in real terms and lowers the cost of investment. Under TCJA, starting in 2022 businesses will be required to amortize their R&D costs over five years, instead of deducting them immediately each year. Requiring businesses to amortize business costs over a number of years overstates taxable income and results in increased costs of investment, discouragement of R&D, and reduction to the level of economic output.

- NMMA urges permanent repeal of R&D amortization and allow businesses to fully expense the cost of R&D.

Assist with Event and Major Meeting Cancellations

Hundreds of major meetings and events in the U.S. – dependent on in-person attendance at convention centers, hotels and other facilities – have been cancelled. In fact, NMMA cancelled three major events, including the Saltwater Fishing Expo, Northwest Sportshow, and our annual fly-in event in Washington, D.C. – all of which has resulted in a loss of more than \$2 million.

In total, these annual meetings and events contribute more than \$446 billion to the U.S. gross domestic product and directly support nearly six million jobs nationwide.

- NMMA urges you to include financial assistance for associations, nonprofits and other tax-exempt organizations, as many have been – and potentially will be – impacted by event cancellations as a result of COVID-19.

Keep federal lands and waters open and accessible within CDC guidelines.

Outdoor recreation businesses – and the communities they support – rely on access to public lands and waters to survive. Given the significance of recreation in driving local economies, reopening access to recreation will be essential to bouncing back from economic downturn.

- Congress should direct federal agencies to keep outdoor areas open and accessible if it can be done within CDC guidelines.
- Work with local private partners before making closure decisions to solicit support and help.

Waive Fees on Public Lands and Waters

Congress should provide legislative authority to enable the Secretary of the Interior and the Secretary of Agriculture to provide flexibility in the administration of contracts, permits, and other authorizations that have been granted for the provision of accommodations, facilities, and/or services to visitors to lands or waters managed by the National Park Service, the United States Fish and Wildlife Service, the Bureau of Land Management, the Bureau of Reclamation, or the U.S. Forest Service, in order to mitigate impacts due to COVID-19 on the holders of such authorizations and visitors, to the maximum extent possible consistent with such agencies’ obligations regarding

resource protection, visitor experience, and public health and safety. 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.

Again, we appreciate your consideration of these recommendations 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

CC:

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The Honorable Kevin Brady, Ranking Member
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The Honorable Chuck Grassley, Chairman
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The Honorable Nita Lowey, Chairwoman
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The Honorable Kay Granger, Ranking Member
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