



October 08, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Charles E. Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, and Leaders McConnell, Schumer, and McCarthy:

Thank you for your leadership during this time of unprecedented challenge for our nation. We write to express our dire need for assistance, and to urge you to include the RESTART Act (S. 3814/H.R. 7481) in the final legislative package negotiated by Congress. The legislation has significant bipartisan support in both chambers, with 57 cosponsors in the Senate and 171 cosponsors in the House.

We are representatives of a large community of businesses that have been completely shuttered and continue to face a future of limited capacity and severe uncertainty – including the motion picture exhibition, amusement, entertainment, recreation, sports, travel, hospitality, live music, salons, gyms, franchise, and restaurant industries. Collectively we provide jobs for tens of millions of Americans across the country. We are leaders in employing vulnerable individuals often underrepresented in the workforce, including first-time jobholders and people with disabilities. We are drivers of local economies and force multipliers for our neighborhoods and communities.

Importantly, many of our sectors include a substantial number of minority-owned businesses and employees who are disproportionately people of color - both of which have been disproportionately affected by the pandemic. For instance, nearly 30 percent of franchise businesses are minority-owned, while African Americans, Hispanics and other minorities make up 36 percent of the travel industry workforce alone. And they are in severe need of assistance during this crisis.

The stark reality is that without the help of a loan program like the RESTART Act, our businesses may not survive the financial impact of the pandemic. Some of our members have been left stranded by existing loan programs, while others have already expended the limited funds they received. The extension of the Paycheck Protection Program (PPP); the sector-specific approach of the RESTAURANTS Act and Save Our Stages; enhanced existing SBA programs; and the other programs contemplated in the HEROES Act and in public reports of the Administration's offer in the negotiations will not be sufficient to save our industries. While we appreciate the intent of these programs and the acknowledgement of the need for longer-term assistance, sector-specific approaches are far too restrictive and leave out hundreds of thousands of small businesses who need longer-term support to survive.

Consider the many other industries - including travel and tourism, fitness centers, health and beauty, daycare, education centers, and retail - throughout this crisis that have been providing to our communities critical products and services, health care, medication, PPE, cleaning services, auto care, child care, fuel, shelter, and many more, are suffering equally or greater. Likewise, even the hardest-hit businesses that are able to benefit from a second round of PPP will likely find themselves in a similarly precarious state after another 8 weeks, considering a long winter and a potential second wave of the virus.

To help our industries remain resilient, we urge you to include the RESTART Act in the final version of legislation. RESTART will address many of the shortfalls of existing and proposed loan programs:

- Provides Eligibility for a Broad Range of Businesses: Many of our members have been completely cut off from all avenues of assistance thus far. The Main Street Lending Program (MSLP) is not working as intended for our members, who are being denied access to the program by lenders unwilling to work with industries in severe distress. RESTART is the last option for companies that cannot access PPP or MSLP. Without RESTART there are millions of businesses who could be forced into bankruptcy or permanent closure.
- Includes Forgiveness for the Hardest-Hit Industries Based on Revenue Loss: Our industries are experiencing upwards of 40%, 60%, or even 80% revenue loss; for many of us, we have earned no revenue whatsoever since the start of the pandemic. Our fixed expenses grow week by week (including rent obligations). Operating with negative cash flow, while taking on more debt (and without any prospect for forgiveness), would only further hinder a business' ability to survive this pandemic. RESTART allows us to obtain partially forgivable loans, critical to our survival and eventual recovery.
- Permits Loan Amounts and Uses that Reflect Our Circumstances: Given the severe distress of our industries and the high overhead costs that we are experiencing, we will need loan amounts that are based on a calculation more reflective of our operating costs than just payroll, and that are permitted to be used for a variety of realistic expenses. RESTART offers loans of up to \$12 million, calculated at 45% of 2019 gross receipts. Further, RESTART permits flexibility in the use of the loan proceeds. This will allow us to pay down expenses that loan programs like PPP do not address adequately.

Without the assistance of the RESTART Act, we fear that many, if not most of our businesses, will be left with no choice but to file for bankruptcy or close permanently. The failure of our businesses would mean the permanent elimination of millions of jobs and the loss of cherished American pastimes. This would cause irreparable damage to the social, cultural, and economic life of our communities. We ask you to consider the alternative that saves millions of jobs from being lost entirely due to widespread and continued business closures. Leadership should focus on a solution that addresses the severity of this crisis. We urge you to prevent this economic catastrophe by including the RESTART Act in the final legislative package.

Thank you for your consideration of our needs at this challenging time.

Sincerely,

Charles Cassara

President of the United States Fitness Coalition

cc: Secretary Steven Mnuchin