

# Virtual Town Hall

The RV Industry and The  
Coronavirus Crisis

March 31, 2020



# Welcome, Introductions, Overview

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# Agenda

- Welcome, Introductions, Overview
- Recovery Provisions
- Essential Business Determination
- Questions

# First Response By Congress

## Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020

- March 6, 2020
- H.R. 6074
- This bill provides \$8.3 billion in emergency funding for federal agencies to respond to the coronavirus outbreak
- Largest recipient - HHS for research
- State Department - for emergency evacuations and emergency preparedness activities at U.S. embassies

# Second Response By Congress

## Families First Coronavirus Response Act

- March 18, 2020 – 2 days after the President's 15 day Stay at Home order.
- H.R. 6201
- This bill provides \$104 billion more to federal agencies to combat the Coronavirus.
- Focus: paid sick leave, tax credits, and free COVID-19 testing; expanding food assistance and unemployment benefits; and increasing Medicaid funding.

# Recovery Provisions

Samantha Rocci, Bob Schmitt,  
Mark Weller, & Chris Bornemann

# CARES Act & SBA Loans

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# CARES Act

- Coronavirus Aid, Relief and Economic Security (CARES) Act
- Approved by Congress and signed into law on Friday, March 27, 2020

# SBA: Economic Injury Disaster Loans

## What is it?

- The SBA's Economic Injury Disaster Loan program provides small businesses with working capital loans of up to **\$2 million** that can provide vital economic support to small businesses to help overcome the temporary loss of revenue.
- Economic Injury Disaster Loans can be up to \$10,000.

# SBA: Economic Injury Disaster Loans

What is the covered period?

- January 31, 2020 - December 31, 2020

# SBA: Economic Injury Disaster Loans

## Who is eligible?

- Small businesses, private nonprofit organizations
- Uncertain of your size, check: <https://www.sba.gov/size-standards/>
- Must have suffered substantial economic injury and be located in a declared disaster area.
- SBA will approve loans based solely on an applicant's credit score without requiring a tax return.

# SBA: Economic Injury Disaster Loans

How is affiliation determined?

- The eligibility test is subject to aggregation with affiliates
- The SBA affiliation test is complicated, but generally includes aggregation of investors who have certain control features over the subject company

# SBA: Economic Injury Disaster Loans

How much can I receive?

- Up to \$2 million
- Which must be used to help meet financial obligations and operating expenses that could have been met had the disaster not occurred.

# SBA: Economic Injury Disaster Loans

## What are the terms?

- Interest rate not to exceed 4%
- Any applicant may request an advance, separate from the loan, in an amount not to exceed \$10,000 within three days after SBA receives an application.
- An applicant shall not be required to repay any amounts of an advance provided, even if subsequently denied a loan.
- Advance amount must be considered when determining certain loan forgiveness if the applicant transfers into a 7(a) loan program.

# SBA: Economic Injury Disaster Loans

Is a personal guarantee required?

- Personal guarantee waived up to \$200,000



# SBA: Economic Injury Disaster Loans

Can I be denied if I can't obtain credit elsewhere?

- During the covered period, the requirement that a small business concern is unable to obtain credit elsewhere shall not apply to a covered loan.

# SBA: Economic Injury Disaster Loans

What will I need to apply?

- Personal Financial Statements
- Business Financial Statements
- Personal and Business Tax Returns

# SBA: Economic Injury Disaster Loans

Can I apply now?

- Yes
- Program is up and running and you can apply at the SBA website at <https://covid19relief.sba.gov/#/>

# SBA 7(a) Loans and Paycheck Protection

What is it?

- The CARES Act included a \$350 billion paycheck protection program, aimed at helping US Small Businesses

# SBA 7(a) Loans and Paycheck Protection

What is the covered period?

- February 15, 2020 - June 30, 2020 (Covered Period)

# SBA 7(a) Loans and Paycheck Protection

Who is eligible?

- Any business, nonprofit organization, veterans' organization, or Tribal business, which employs not more than 500 employees, **unless the covered industry's SBA size standard allows more than 500 employees.**

# SBA 7(a) Loans and Paycheck Protection

How is affiliation determined?

- It's complicated
- The eligibility test is subject to aggregation with affiliates, which should be considered carefully
- Affiliation test has been waived

# SBA 7(a) Loans and Paycheck Protection

Waiver of Affiliation Rules for SBA 7(a) Loans





# SBA 7(a) Loans and Paycheck Protection

How much can I receive?

- Applicants will receive the lesser of:
  - \$10,000,000
  - OR
  - A figure based on average monthly payroll costs multiplied by 2.5 for the covered period

# SBA 7(a) Loans and Paycheck Protection

## What are the terms?

- Interest rate not to exceed 4%
- Repayment term not to exceed 30 years
- Provides loan forgiveness for payroll, costs relate to debt obligations, and utility payments incurred for eight weeks from the time of the loan
- The amount of loan forgiveness will be reduced proportionally with any reduction in the number of employees or employee salaries during the covered period
- Following loan forgiveness, the remaining loan balance will be federally guaranteed

# SBA 7(a) Loans and Paycheck Protection

Is a personal guarantee required?

- No personal guarantee is required

# SBA 7(a) Loans and Paycheck Protection

Can I be precluded from getting assistance?

- Even if you have received a 7A loan earlier this year, you may still qualify

# SBA 7(a) Loans and Paycheck Protection

What will I need to apply?

- Statements
- Licenses
- Records
- Resumes

# SBA 7(a) Loans and Paycheck Protection

## Can I apply now?

- This program is being expanded, so the new system is not up and running yet
- According to Secretary Mnuchin, \$350 billion in loans for small businesses, which will be administered by the Small Business Administration, will likely be available starting Friday, April 3<sup>rd</sup>
- SBA and the banks to need some time to ready themselves

# Helpful Links

- SBA Small Business Loan Resources: <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>
- SBA Size Standards: <https://www.sba.gov/size-standards/>
- Disaster Assistance Loan Applications: <https://covid19relief.sba.gov/#/>

# General Business Financing

Mark Weller

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# General Business Financing

- Allocates \$500B for Treasury Department's Exchange Stabilization Fund (ESF) for:
  - Non-profits
  - Businesses (between 500 and 10,000 employees)
  - States
  - Municipalities

# General Business Financing

## Part 1

- \$46B in direct lending for passenger and cargo carriers, businesses “important to maintain national security”
  - Treasury to publish application procedures by April 6
  - Substantial conditions
    - Government takes equity interest
    - Loan can't exceed five years
    - Maintain March 24 workforce and retain 90% through Sept 30
    - Can't pay dividends or repurchase equities
    - Limits on executive pay
    - US domiciled

# General Business Financing

## Part 2

- \$454B for Section 13(3) Federal Reserve lending facility
  - Buying commercial paper, corporate bonds, ABS
    - Re-opened four programs, created two new
  - Making loans, including securitized loans

# General Business Financing

- Facility for Mid-Sized Businesses
  - FED financing to banks and other lenders to make direct loans
  - 500 to 10,000 employees
  - Annualized rate no greater than 2%
    - No principal or interest due for 6 months
  - Like airline loans, restrictions on stock repurchase, dividends, executive compensation plus:
    - Funds used to retain 90% of workforce (full comp/benefits) until September 30, 2020
    - Not outsource/offshore jobs for loan term plus two years
    - Not abrogate collective bargaining for loan term plus two years
    - Remain neutral in any union organizing

# General Business Financing

- Main Street Business Lending Program
  - FED may establish new facility that supports lending to small and mid-sized businesses
  - Terms and conditions consistent with authority under the Federal Reserve Act

# General Business Financing

## Conclusion

- Paycheck Protection and Disaster Loans for Small Businesses
- 13(3) facility for investment grade
  - Commercial paper
  - Bonds
  - Asset-backed securities
- 2% loans for mid-sized companies (500 to 10,000)
- Possible additional Main Street Lending Program – no details

# Additional CARE Act Provisions

Chris Bornemann  
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# Unemployment Insurance Provisions

- Pandemic Unemployment Assistance Program
- Short-Time Compensation Payments
- Emergency Increase in Unemployment Compensation Benefits
- Temporary Full Federal Funding of the First Week

For more information on unemployment insurance provisions, [click here](#)

For more information on “short-time compensation” programs, [click here](#).





# Employee Retention Credit

- Refundable payroll tax credit for 50 percent of wages paid by employers to employees during the COVID-19 crisis.
- Available to certain employers whose operations were fully or partially suspended, due to a COVID-19- related shut-down order, or gross receipts declined by more than 50 percent when compared to the same quarter in the prior year.
- The credit is provided for the first \$10,000 of compensation, including health benefits
- The credit is provided for wages paid or incurred from March 13, 2020 through December 31, 2020.

# Delay of Payment of Employer Payroll Taxes

- Allows businesses and self-employed individuals to defer payment of employer share of 6.2-percent Social Security tax.
- Two installment payments over the following two years, with the first half due by December 31, 2021, and the remaining half by December 31, 2022.
- Deferral would not apply to employers with small business loan debt forgiven under the new law.

# Modification of Net Operating Loss (NOL) Credit

- Allow business losses from tax years after December 31, 2017, and before January 1, 2021, to be carried back five years.
- Net operating loss carrybacks were eliminated for most businesses by the 2017 tax overhaul. Now the full amount of net operating loss carryovers and carrybacks may be used for tax years beginning before Jan. 1, 2021.
- The deduction was limited to 80 percent of taxable income under the 2017 tax overhaul. A separate deduction limit would be established for tax years beginning after Dec. 31, 2020.

# Relaxation of Limitations on Business Interest Expense Deduction

- Temporary relaxation of the rules limiting the business interest expense deduction.
- Increases the 30 percent threshold to 50 percent for taxable years 2019 and 2020.

# Modification Alternative Minimum Tax (AMT) Credit

- AMT was repealed, but corporate AMT credits were made available as refundable credits, ending in 2021.
- The new law accelerates the ability of companies to recover AMT credits, permitting companies to claim a refund now and obtain additional cash flow.

# Appropriations for Parks & Federal Lands

- Department of the Interior Federal Lands - \$158.4 million
  - National Park Service
  - Bureau of Land Management
  - U.S. Fish & Wildlife
- U.S. Forest Service - \$70 million

# Campground Initiative

- Joint initiative between RV Industry Association, RVDA, and ARVC



# Essential Business Determination

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# RV Industry Should Be Considered Essential

- RV industry has a history of responding to help the American people in times of crisis.
- Previous utilization of RVs in a crisis:
  - local command centers
  - portable offices
  - temporary housing
  - other critical uses

# What Does It Mean to be Essential?

- Maintaining the portions of its businesses and services that enable continued economic and social vitality while abiding by all applicable health and safety guidelines, including CDC's.
- It does NOT mean “business as usual”.
- It does NOT mean a business that is considered essential has to stay open.

# CISA Guidelines and the State Patchwork

- Department of Homeland Security's Cybersecurity & Infrastructure Security Agency (CISA) Guidelines are broad and give the state and local governments wide latitude in making their own determinations.
- Example 1: Indiana (Determined RV Industry to be essential) vs. Michigan (Determined RV Industry not to be essential).
- Example 2: Manufacturer in State A considered essential and Supplier in State B not considered essential.

See <https://www.cisa.gov/publication/guidance-essential-critical-infrastructure-workforce>, and <https://www.cisa.gov/identifying-critical-infrastructure-during-covid-19> under Frequently Asked Questions, Questions #12 and #13.



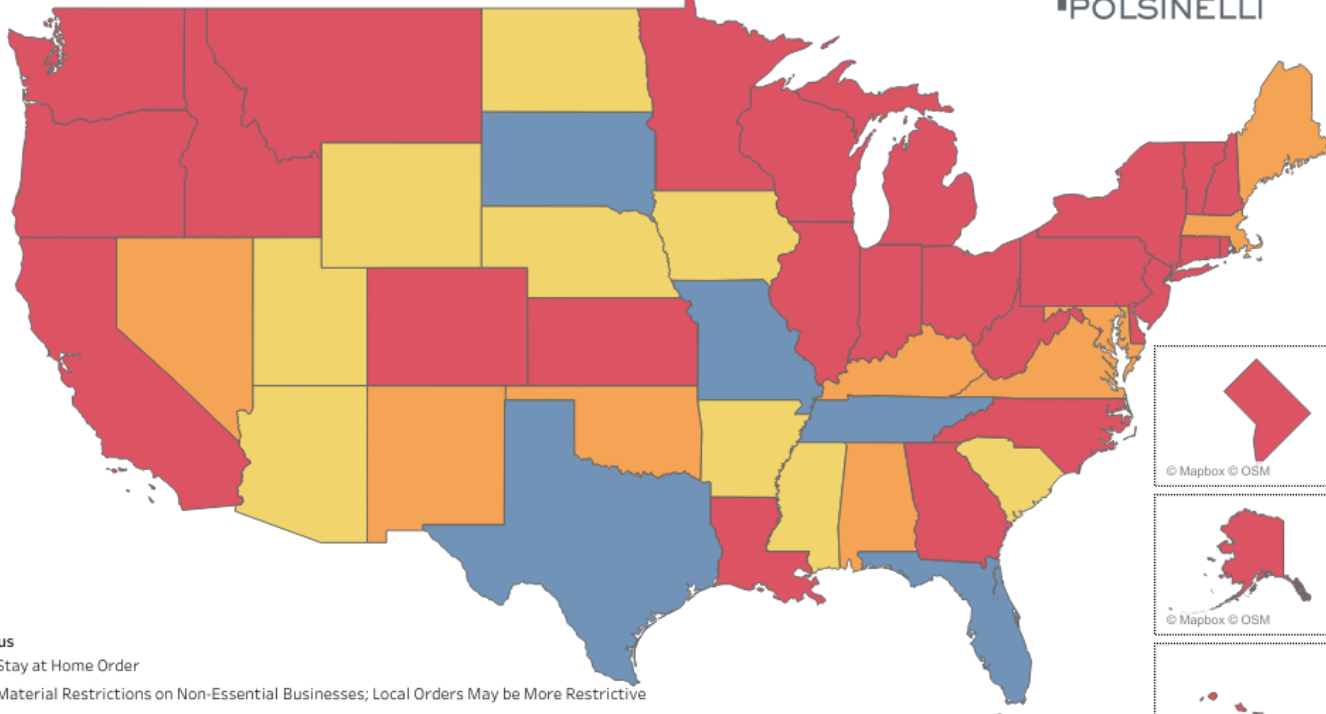
# CISA Guidelines and the State Patchwork

- The lack of clarity at the federal level, the ability for states to choose what businesses are essential, and the interstate nature of the RV industry supply chain requires the association to be as aggressive as possible in addressing these issues at every level.

# STATE EXECUTIVE ORDERS TO STAY AT HOME AND CLOSE NON-ESSENTIAL BUSINESSES

[Contact Polsinelli](#)

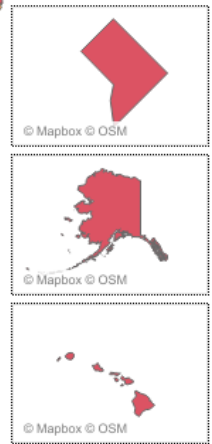
Updated as of March 28, 2020  
*Hover over a state for more detail*



### Status

- Stay at Home Order
- Material Restrictions on Non-Essential Businesses; Local Orders May be More Restrictive
- Restaurants, Recreation, Personal Services Restricted; Local Orders May be More Restrictive
- No Statewide Order; Local Orders May be More Restrictive

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# Partners in Advocacy

- RVDA
- ARVC
- OREC Directors in the states
- National Governors Association
- Alliance for Automotive Innovation
- National Association of Manufacturers
- State RV Associations and RV Dealers Associations
- RV Industry Association Lobbyists in Certain States



# Who We've Been Talking to

- Governors
- State Health Departments
- State Economic Development offices
- State Outdoor Recreation offices
- State Departments of Natural Resources
- County Executives
- County Departments of Health
- Mayors
- Cybersecurity and Infrastructure Security Agency (CISA) of the Department of Homeland Security

# Our Messages



Dear Governor Cuomo:

On behalf of the \$114 billion U.S. recreation vehicle (RV) industry, which includes RV manufacturers and suppliers, RV dealers and service centers, and RV parks and campgrounds, we want to thank you for your leadership in response to the COVID-19 public health emergency. As you move forward, we strongly urge that all aspects of the RV industry must be considered as essential businesses.

As you weigh and implement a host of measures in response to this pandemic, please be aware that RVs can serve a critical role in times of national emergency. During times of disaster, state and local agencies have used RVs to aid as local command centers, portable offices, temporary housing and other critical uses. RVs are uniquely able to meet critical needs in an expedited timeframe for emergency crisis management and much more.

We understand the immense strain that the COVID-19 outbreak is placing on our health care system. Given concerns about hospital capacity, we believe RVs can help by serving as quarantine units, mobile clinics, operating rooms, testing facilities, medical providers' sleeping quarters, laundry facilities, or vending and kitchens. Indeed, just this week, states have purchased RVs for such surge capacity; notably, the state of California just purchased over 1,300 RV trailers to provide emergency isolation for the most vulnerable. Another RV manufacturer has supplied trailers to a county government for use as mobile testing facilities for the COVID-19 affliction. Because it seems likely that more states and localities will continue to use RVs in these various ways to help address the increasing crisis, RV manufacturers and suppliers must be considered "essential businesses."

RV dealerships must remain open and available to perform critical maintenance and repairs, especially on LP/propane gas systems and electrical, plumbing and refrigeration issues. There are emergency personnel and mobile RV medical clinics already on the road now that may need service. RV dealerships and service centers must be allowed to continue to service these Americans.

RV parks and campgrounds also play a vital role as traveling medical personnel, families and Americans in between homes utilize RV parks and campgrounds as their only source of temporary accommodations. Many RV parks and campgrounds also provide critical propane gas, electrical and essential business services for this community. RV parks and campgrounds must be allowed to stay open to meet these serious needs.

The RV industry is committed to serving a crucial role to help combat the public health emergency this pandemic presents, and we hope to be considered as a resource to you and your state agencies as you continue your vital work.

We look forward to assisting in your efforts of protecting the health of our Nation and the safety of all our citizens at this critical time.

Sincerely,

Craig A. Kirby  
President  
RV Industry Association

Phil Ingrassia  
President  
National RV Dealers Association

Paul Bambi  
President  
National Association of RV  
Parks and Campgrounds



# How You Can Help

- Take action in the [RV Action Center](#)
- Can send customizable letters to federal, state and local officials.
- Personalize your letter using descriptions of how COVID-19 is impacting your facility and how you are attempting to assist in the response.

# Questions