

PPP & EIDL
successful but
underfunded:

*Action
required*

UMA Online
TOWN HALL

Thursday, April 16, 2020 | Join us every Thursday at 2 p.m. ET

UMA Town Hall Meeting

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Executive Coach
Lancaster, PA

Mr. Scott Riccio
NorthEast Charter & Tour Co., Inc.
Lewiston, ME

Mr. Tim Stout
Stout's Transportation
Ewing, NJ



Today's Agenda

- 1. Welcome and Introduction: Larry Killingsworth**
- 2. PPP and EIDL update**
- 3. UMA and CARES 2: What is our “ask” of Congress**
- 4. Game plan to communicate with Congress: Next advocacy steps**
- 5. Success stories at the state level: Hear from operators**



Paycheck Protection Program

- \$349 Billion
- Spent or Committed
- Cannot accept new applications
- \$251 million supplemental?

Economic Injury Disaster Loan

- \$10k advance?
- # of significant approvals and funded loans to UMA Members
- Out of funds?
- Limited funding?



- Sum of payments of any compensation with respect to employees that is a—
 - salary, wage, commission, or similar compensation;
 - payment of cash tip or equivalent;
 - payment for vacation, parental, family, medical, or sick leave;
 - allowance for dismissal or separation;
 - payment required for the provisions of group health care benefits, including insurance premiums;
 - payment of any retirement benefit; or
 - payment of State or local tax assessed on the compensation of employees; and

Payroll costs



Loan Forgiveness- DEFINITIONS



Covered mortgage obligation means any indebtedness or debt instrument incurred in the ordinary course of business that is a—



Liability of the borrower.



Mortgage on real or personal property “Covered period” means the 8-week period beginning on the date of the origination of a covered loan.



Covered rent obligation means rent obligated under a leasing agreement.



Covered utility payment means payment for a service for the distribution of electricity, gas, water, transportation, telephone, or internet access.



Expenses are those which were incurred or in service before February 15, 2020.

REDUCTION BASED ON REDUCTION IN NUMBER OF EMPLOYEES

- IN GENERAL.—The amount of loan forgiveness under this section shall be reduced, but not increased, by multiplying the amount described in subsection (b) by the quotient obtained by dividing—
- the average number of full-time equivalent employees per month employed by the eligible recipient during the covered period; by
- at the election of the borrower—
 - the average number of full-time equivalent employees per month employed by the eligible recipient during the period beginning on ***February 15, 2019 and ending on June 30, 2019***; or
 - the average number of full-time equivalent employees per month employed by the eligible recipient during the period beginning on ***January 1, 2020 and ending on February 29, 2020***; or
 - in the case of an eligible recipient that is *seasonal employer*, as determined by the Administrator, the average number of full-time equivalent employees per month employed by the eligible recipient during the period beginning on ***February 15, 2019 and ending on June 30, 2019***.



What is *UMA*
“asking”
Congress to
do?

- Fully fund -
 - *Paycheck Protection Program*
 - *COVID-19 Economic Injury Disaster Loan*
- Modify Paycheck Protection Program to 50/50 for bus and motorcoach operations.
- Include NAICS codes and waive affiliation rules for -
 - *Charter Bus*
 - *Scenic and Sightseeing Transportation*
 - *Bus & Transit Systems*
 - *School & Employee Bus Transportation,*
 - *Interurban and Rural Bus Transportation*
 - *Special Needs Transportation*
- Bus & Motorcoach Operations *Funding through December 31, 2020.*
- Ask Congress to extend PPP *forgiveness* provisions to the Economic Injury Disaster Loan through December 31, 2020.

Classification System (NAISC) codes. This eliminates a number of larger motorcoach locations and multiple states but with less than 500 employees per location for private school bus and special needs operations. UMA recommends expansion of the section to include transportation codes of 485113, 485410, 485510, 485210 to reflect the small business nature of these operations.

Coronavirus Impact on the Motorcoach Industry Is Devastating

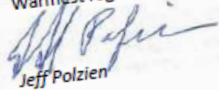
Motorcoach operators transport nearly 600 million passengers annually, resulting in a billion in direct economic impact. As much of the travel we provide is seasonal with cancellations just before our busiest and most lucrative season has come to a complete halt. Without significant increases and improvements, members will not be able to survive nor provide critical transportation services. Reservists, National Guard, response to emergency evacuations and pandemic will be at risk. Most importantly, our operators will not be able to travel and tourism destinations across America and when students return to the Paycheck Protection Program and COVID-19 Economic Injury Disaster Loan program, the term survival of our industry. We expect it will likely be the same for many other small businesses.

Summary

We are respectfully requesting your support for, 1) providing additional COVID-19 Economic Injury Disaster Loans; 2) reducing the Paycheck Protection Program to 50% in order to obtain forgiveness for Vehicle Transit Systems), 485410 (School and Employee Vehicle Transportation), 485991 (Special Interurban and Rural Bus Transportation) in section 1106(d)(iii) of the CARES Act.

Thank you for your immediate assistance and consideration of this request, please contact Ken Presley, Vice President and Chief Operating Officer of UMA at kpresley@uma.org.

Warmest regards,



Jeff Polzien
Chairman
United Motorcoach Association



April 15, 2020

The Honorable Steve Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20590

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

Dear Secretary Mnuchin and Administrator Carranza:

We write to you today seeking your assistance and support with implementation issues with the relief programs set up for small businesses to deal with the coronavirus. The United Motorcoach Association is the nation's largest organization exclusively protecting and promoting the interests and welfare of privately-owned bus and motorcoach companies. Motorcoach operators transport nearly 600 million passengers annually, akin to the airlines, and contribute nearly \$101 billion in direct economic impact to the nation.

The Paycheck Protection Program and Economic Injury Disaster Loan Programs are Both Underfunded

The overwhelming demand for the Small Business Administration Paycheck Protection Program (PPP) and COVID-19 Economic Injury Disaster Loan (EIDL) program will cause both programs to run out of money this week. It should be noted that despite receiving notifications of successful applications, only a few in our industry have received any funds from either program and we have not spoken with any small businesses that received the \$10,000 advance under the EIDL loan as mandated in the CARES Act. UMA supports significant increases for the PPP and EIDL programs.

Payroll Requirement of 75% for PPP Loan Forgiveness Does not Accommodate Capital Intensive Small Businesses

Despite the overwhelming need, SBA and Treasury imposed an administrative requirement that 75% of the PPP funds be spent on payroll and related costs in order to receive loan forgiveness. The motorcoach industry is capital and debt intensive which accounts for a large portion of company balance sheets. For example, a new motorcoach cost upwards of \$550,000, which is typically 90% financed. These costs average 35% of monthly revenues for the majority of motorcoach companies that qualify as small businesses. Motorcoach companies want to keep their employees; which includes trained bus drivers, mechanics, sales and office personnel on the payroll. The United States is experiencing a severe commercial driver shortage, and companies want to retain those employer/employee relationships, a philosophy that underlies the CARES Act throughout.

It is not in the interest of our members, the travelling public or the government to have those drivers on unemployment rolls. But the inflexibility in the PPP loan forgiveness guidance precludes many smaller companies from taking full advantage of this program. UMA supports reducing the payroll requirement to 50% for PPP loan forgiveness in order to work for most motorcoach companies.

PPP Loan Provisions Affecting Companies with Multiple Locations Should Be Inclusive to More Accurately Reflect the Diverse Operations of Motorcoach Companies

The CARES Act limits eligibility for companies with multiple locations and less than 500 employees per location to companies in the restaurant and lodging industries with that operate under those specific North American Industry

John Grzywacz – Iowa

Scott Riccio – Maine



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**Thank you
for attending
today's Town
Hall meeting.**

- Join us every Thursday at 2 p.m. ET.
- For more helpful information, please visit www.uma.org and www.uma.org/covid19

Town Hall recordings and slides are available to you later today at www.uma.org/covid19.