

November 12, 2008

The Honorable Max Baucus  
Chairman, Committee Finance  
United States Senate  
Washington, D.C. 20515

The Honorable Charles Grassley  
Ranking Member, Committee on Finance  
United States Senate  
Washington, D.C. 20515

Dear Chairman Baucus & Ranking Member Grassley:

As Congress reconvenes this month to consider additional economic recovery legislation, the National Marine Manufacturers Association (NMMA), the nation's leading recreational marine industry association, strongly encourages you to pursue policy measures that will help American manufacturers and other businesses lessen the impact of what will surely be a period of sustained economic difficulty. NMMA strongly supports an additional economic relief package that focuses on job creation and retention, targeted business tax relief, and public works projects that will enhance the nation's land and water infrastructure and thereby improve commerce.

NMMA represents nearly 1,700 boat builders, engine manufacturers, and marine accessory manufacturers who collectively produce more than 80 percent of all recreational marine products made in the United States. With more than 59 million boaters nationwide, the recreational boating industry is a major consumer goods industry with expenditures on recreational marine products and services of \$37.5 billion in 2007 alone. Recreational boating has an overall economic impact in the country of over \$100 billion annually.

The U.S. boating industry is comprised mostly of small- and medium-sized businesses, and our products are primarily made in America by American workers. In 2007, recreational boating directly and indirectly impacted 337,758 U.S. jobs with a labor income of \$10.4 billion. Nearly 19,000 boating businesses employ more than 154,000 U.S. workers. Additionally, our consumers are middle-class Americans—75 percent of boat owners earned an annual household income of less than \$100,000, and 95 percent of boats in use are less than 26 feet in length (in other words, trailerable boats).

The current challenging financial landscape is having a severe impact on the American recreational marine industry. The credit and housing crises, the collapse of consumer confidence, and the weakening export market have resulted in sales for our industry declining an average of 26 percent so far in 2008 and 40 percent since the housing crisis and falling consumer confidence began, with much higher declines in certain segments. As a consequence, many American marine companies are shutting their doors, closing manufacturing facilities permanently or temporarily, and making painful decisions about their operations in order to survive. Companies that have not closed are dramatically reducing production, cutting back on expenses, reducing labor, and taking on mounting losses.

Unless Congress intervenes soon to shore up the economy, more marine businesses will shut down, more employees will be laid-off, and the harder it will be to preserve this economically significant manufacturing sector. NMMA strongly urges Congress to pass an immediate economic stimulus package designed to relieve the pressures on American companies by enacting targeted tax relief, accelerating the

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loosening of credit, and shoring up consumer confidence. Specifically, NMMA recommends the following:

- Making the Sec. 179 small business expensing limit of \$250,000, set to expire in 2010, permanent to spur capital investment and provide tax certainty;
- Extending the Net Operating Loss (NOL) carry back period to five years from the current two-year allowance to increase business liquidity;
- Reduce the Built-in Gains (BIG) tax penalty period from 10 years to 5 or 7 years, retroactive to the date of the company's tax status conversion, thereby unlocking much-needed frozen capital;
- Providing a job retention tax credit to firms equal to \$2,000 for each employee that was employed as of July 1, 2008 and remains employed as of 12/31/08;
- Expanding unemployment benefits to provide access to benefits to employees of firms that attempt to retain staff and reduce overhead costs by shifting to a 4-day workweek, often called "4-on 1-off;"
- Passing a series of technical corrections to the 2006 *Pension Protection Act* (PPA), including permitting full smoothing of unexpected losses; removing restrictions on asset smoothing; allowing sufficient time to transition to PPA's 100 percent funded target; providing automatic IRS approval for certain funding elections; clarifying end-of-year valuations; and permitting fixed interest rates to be used for Sec. 415 limit purposes in order to avoid benefit reductions.

NMMA greatly appreciates your bipartisan leadership as our industry and our country navigates these unprecedented and challenging economic times. We look forward to working with you and stand ready to assist you in any way that we can. If you have any questions or need additional information, please contact me, Mathew Dunn ([mdunn@nmma.org](mailto:mdunn@nmma.org); 202-737-9760) or Bryan Zumwalt ([bzumwalt@nmma.org](mailto:bzumwalt@nmma.org); 202-737-9764) of my staff.

Sincerely,



Thomas J. Dammrich  
President