

November 12, 2008

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20515

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, D.C. 20515

Dear Leaders Reid & McConnell:

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 this significant U.S. manufacturing sector will continue to shrink. 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 loosening of credit, and shoring up consumer confidence. Specifically, NMMA recommends:

Executive Committee

Chairman, NMMA
David Stickers
Tiara Yachts

Vice Chairman, NMMA
Jason Pajonk-Taylor
Taylor Made Products

Treasurer, NMMA
Joan Maxwell
Regulator Marine

Secretary, NMMA
Mark Schwabero
Mercury Marine

BMD Representative
John Dorton
MasterCraft Boats

EMD Representative
Paul Dierksen
Volvo Penta

AMD Representative
Fred Sherrerd
ASA Electronics

Member At-Large
Chuck Rowe
Indmar

President
Thomas J. Dammrich
NMMA

- 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.
- 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 ensure access to benefits to employees of firms that retain staff but reduce overhead costs by shifting to a 4-day workweek, often called “4-on, 1-off.”
- Temporarily reducing borrower and lending fees for Small Business Administration 7(a) and 504 lending program, incentivizing bank lending and increasing the affordability of borrowing.
- 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.
- Investing in infrastructure, including near-term land and water transportation infrastructure projects. Specifically, Congress should provide sufficient funding for the Army Corps of Engineers to address neglected navigational dredging projects, primarily along the Atlantic Intracoastal Waterway, the nation’s foremost commercial and recreational waterway, and dredging of recreational harbors in the Great Lakes.

With respect to lending, NMMA is increasingly concerned that the Troubled Asset Relief Program (TARP), authorized by the *Emergency Economic Stabilization Act (H.R. 1424)*, is not reaching critical sectors of the financial industry with sufficient pace. The boating industry is uniquely vulnerable to tight credit markets and illiquidity, as financing for marine dealers is limited to a handful of specialty financial lending institutions. Should the \$700 billion Congress approved in H.R. 1424 not make its way quickly to non-bank, specialty finance institutions, these lenders may exit the commercial marine lending market altogether, something that would have devastating consequences for manufacturers and dealers of recreational marine equipment, and the Americans they employ. NMMA strongly encourages Congress to support efforts to utilize TARP to help specialty lenders expand credit and increase liquidity for marine manufacturers and dealers.

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; 202-737-9760) or Bryan Zumwalt (bzumwalt@nmma.org; 202-737-9764) of my staff.

Sincerely,



Thomas J. Dammrich
President