July 15, 2020

Speaker Nancy Pelosi
H-230, The Capitol
Washington, DC 20515

Majority Leader Steny Hoyer
H- 107, The Capitol
Washington, DC 20515

Republican Leader Kevin McCarthy
H-204, The Capitol
Washington, DC 20515

Republican Whip Steve Scalise
H-148, The Capitol
Washington, DC 20515

Majority Leader Mitch McConnell
S-230, The Capitol
Washington, DC 20510

Majority Whip John Thune
S-208, The Capitol
Washington, DC 20510

Minority Leader Chuck Schumer
S-309, The Capitol
Washington, DC 20510

Minority Whip Dick Durbin
S-231, The Capitol
Washington, DC 20510

Dear House and Senate Leaders:

As the leading organizations in the club and golf community, we would like to thank you for the steps you've taken over the last several months to respond to a very serious public health crisis that continues to impact every person and facet of our economy. As Congress considers next steps, we are writing to share our common priorities as Congress considers legislation in its continued response to the coronavirus pandemic and stimulus for the economy.

Just like any small business, golf facilities and clubs have been significantly impacted by government-mandated restrictions on operations and outright closures. Phased openings at the state level continue to limit operations and compound losses experienced over the last several months. In a Club Management Association of America (CMAA) survey released on July 1, 90 percent of clubs and golf facilities responding have experienced a financial loss so far in 2020. The average loss experienced exceeds $600,000 per club in the first six months of the year.

Paycheck Protection Program

The Paycheck Protection Program (PPP) authorized in the Coronavirus Aid, Response and Economic Security (CARES) Act provided low-interest loans to businesses in an attempt to keep employees connected to their employer with the hope of facilitating a robust recovery after stay-at-home orders were lifted. The program was open to most business entities and some nonprofit organizations - namely 501(c)(3) and 501(c)(19) organizations. Many clubs and golf facilities are 501(c)(7) nonprofit entities and have so far been ineligible for the PPP. These clubs employ hundreds of thousands of workers, including kitchen staff, servers, bartenders, and others who are disproportionately impacted by government-mandated closures of food and beverage operations. It is the belief of our organizations that these employees should not be left out of potential job security simply due to an IRS classification. We urge Congress to consider allowing 501(c)(7) membership clubs to be eligible to provide their workers with the same protections as other businesses.

While a majority of social and recreational clubs are 501(c)(7) entities, and thus not eligible for PPP, there are many clubs and golf facilities that have other classifications making them eligible for the program. These facilities and clubs were also impacted by government-mandated restrictions on operations and the PPP was beneficial for them. However, many seasonal operators were scheduled to reopen just as restrictive orders were issued by states. Although many applied and were approved for a PPP loan, due to the limited covered period, the loan amounts were insufficient to sustain their business as their states began to reopen their economy. We urge Congress to consider permitting seasonal operators to apply for a second PPP loan.

Employee Retention Tax Credit
The Employee Retention Tax Credit (ERTC) was also authorized as part of the CARES Act. This program allows employers to claim a credit against payroll taxes for up to 50 percent of the first $10,000 of eligible workers wages. This program has effectively been the only relief available to clubs and golf facilities throughout the pandemic. It is an effective and efficient approach to providing needed cashflow flexibility, enabling the retention of employees. Last month, Congresswoman Stephanie Murphy (D-Florida) and Congressman John Katko (R-New York) introduced legislation that would enhance this program (H.R. 6776) and we urge Congress to include it in the next response or stimulus package.

The legislation would increase the amount of wages eligible for the tax credit from 50 to 80 percent and extend the program through the end of 2020. It would also increase the amount of wages applicable to the credit percentage from the first $10,000 of wages to $15,000 of wages per quarter for a total of $45,000 of wages in 2020. As businesses of all types continue the process of phased reopening, this approach provides a significant amount of flexibility while providing inherent protections against potential misuse of the program, because it is directly tied to an employee who is actually returning to the workplace.

State and Local Aid
While Congress has provided state and local governments with substantial funding in order to respond to the coronavirus pandemic, it is our belief Congress can and should go further in assisting state and local governments recover from significant declines in revenues related to decreased economic activity due to COVID-19. Unlike the federal government, state and local governments are often constitutionally or statutorily required to maintain a balanced budget. This requirement limits options in situations when there is a dramatic downturn in revenues such as the one we have seen over the last several months—and will no doubt continue as people are still concerned about visiting restaurants and retail businesses. We are concerned that if the federal government does not provide adequate restoration of declined revenues that the result will be draconian cuts in municipal budgets and the enactment of sales and property tax increases that will slow our recovery nationwide. The coronavirus is a national event that has dramatic impacts at the state and local level. We believe it is both appropriate and necessary for the federal government to blunt that impact.

Conclusion

The undersigned organizations greatly appreciate the bipartisan approach Congress has taken with respect to the response of the pandemic thus far and we urge Congress and the Administration to work together in order to provide a robust recovery for all American businesses regardless of their tax classification. Clubs around the country employ approximately 345,000 people with annual payrolls of $9.5 billion. A tax classification matters little to the employee who punches in each day and works hard to provide for themselves and their families. Thank you for your consideration and we look forward to working with you to slow the spread of the coronavirus, get our economy back on track, and get our employees back to work.

Sincerely,

Henry Wallmeyer
President & CEO
National Club Association

Jeff Morgan, FASAE, CAE
President & CEO
Club Management Association of America

Jay Karen
CEO
National Golf Course Owners Association

J. Rhett Evans
CEO
Golf Course Superintendents Association

Seth Waugh
CEO
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