



American Rental Association
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ARARental.org

August 4, 2020

The Honorable Marco Rubio
Chairman
Committee on Small Business and Entrepreneurship
428 A Russell Building
Washington, D.C. 20510

Dear Chairman Rubio:

I am writing on behalf of the 5,000 member companies of the American Rental Association (ARA) that operate more than 10,000 equipment and event rental locations in the United States. We want to thank you and your colleagues in the Senate who have provided America's small businesses with badly needed financial assistance under the Paycheck Protection Program (PPP). These funds have ensured the survival of many ARA members who were immediately impacted by the coronavirus pandemic. Thankfully, many of our equipment and tool rental members have seen their business recover as economic activity begins to pick up. For ARA members still facing significant revenue losses, your legislation, *The Continuing Small Business Recovery and Paycheck Protection Program Act* (S. 4321), allowing small businesses to receive a second draw from PPP if they have 300 or fewer employees and can demonstrate revenue losses of at least 50 percent, will continue to ensure the survival of businesses that are recovering slowly but who are beginning to see the light at the end of the tunnel.

However, there is another group of ARA-member businesses whose long-term survival continues to be of concern. Most of these businesses are in the event rental segment of the industry. Unlike the majority of our equipment and tool rental businesses that are in recovery, the event rental sector is facing a very long runway to recovery. With their spring and summer seasons lost and fall bookings being canceled every day, event rental businesses are now looking at the prospect of not seeing significant revenue activity until the spring of 2021. If these businesses do not receive additional financial support, they will not survive, and their employees will not have jobs to return to when business activity resumes. These are businesses that were poised to have record revenues in 2020 only to have the government response to the pandemic require them to completely cease operations in March. Section 112 of S. 4321 amends the Small Business Administration's 7(a) loan program and make loans available to small businesses with 500 or fewer employees that have also lost more than 50 percent of their revenues compared to 2019. Moreover, the ability to access long-term capital loans of up to \$10 million or twice their annual revenue with maturities of 20 years and interest rates of 1 percent, would provide eligible event rental businesses the financial lifeline they desperately need. However, Section 112 also states that to be eligible for the amended 7(a) loans a business must be "a small business concern the principal place of business of which is in, and not less than 50 percent of the total gross income of which is derived from the active conduct of the business concern within, a small business low-income census tract." This eligibility seems overly restrictive which we believe eliminates the vast majority of ARA event rental businesses from participation in this amended loan program.



If ARA members had access to other capital loans or lines of credit, they would use those facilities. However, we know that lending institutions, even those participating in the Main Street Lending Program will not lend to businesses that do not anticipate significant revenue accrual for many months to come. On behalf of ARA members we respectfully request that you consider eliminating the eligibility requirement that a small business be located in and derive at least 50 percent of its revenues from a small business low-income tract and allow all small businesses that meet the size standard and revenue requirements to participate in the amended 7(a) program.

We sincerely appreciate your consideration of our request.

With Kindest Regards,

A handwritten signature in black ink that reads "Tony J. Conant". The signature is written in a cursive, flowing style.

Tony Conant
CEO
American Rental Association