

April 22, 2020

The Honorable Nancy Pelosi
The Speaker of the House of Representatives
United States Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Democratic Leader
United States Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader McCarthy, Leader McConnell, and Leader Schumer:

On behalf of the National Independent Venue Association (NIVA), we are writing to thank you for your strong leadership in addressing the detrimental impact of the COVID-19 pandemic on our nation. We share your concerns about this serious health crisis and stand behind your valiant efforts to protect American lives while stabilizing our economy. As you continue these efforts, we look forward to using our members' powerful and united voices, which reach more than 100 million Americans, to help accomplish these critical goals.

NIVA is comprised of more than 800 of the most influential independent music venues and promoters across 48 states and Washington, D.C., including Kentucky Performing Arts (est. 1983) and Headliners Music Hall in Louisville (est. 1998); the Bowery Ballroom (est. 1998) and City Parks Foundation's SummerStage (est. 1980s) in New York City; the Great American Music Hall (est. 1907) and Bill Graham Civic Auditorium (est. 1915) in San Francisco; Fox Theater in Bakersfield, CA (est. 1930); and the 9:30 Club (est. 1980) and the Anthem (est. 2017) in Washington, D.C.

Each year, thousands of independent venues host millions of events, staffed by hundreds of thousands of employees, and attended by hundreds of millions of concertgoers across all walks of life. Our entertainment hubs are important economic multipliers for our local economies and tax bases as employers and tourism destinations, and revenue generators for neighboring businesses such as restaurants, hotels, and retail. One Chicago impact report estimated that **for every \$1 spent on a ticket, a total of \$12 in economic activity was generated**. In New York City alone, our ancillary impact is more than \$500 million. While we are small businesses, the estimated direct annual economic impact we bring to our local communities is nearly \$10 billion.

The cultural impact of our venues on our local communities is priceless. We are the steadfast incubators and launch pads for the most popular talent in the world. Our stages give artists like Adele, U2, Keith Urban, Prince, Lizzo, the Eagles, Wu-Tang Clan and Foo Fighters their start. The world could be without the next Lady Gaga, Kenny Chesney, Chance the Rapper or Bruce Springsteen if we cease to exist. Independent venues and promoters are crucial components of the music industry's ecosystem, without whom there will be dire ramifications for artists as fan spending plummets.

Our businesses were among **the first to close** as COVID-19 spread across the country, and unfortunately, are also likely to be among **the last to reopen**. Recently, leaders in both California and New York expressed skepticism about the return of concerts and live events until at least 2021, which means that in order to protect lives, our employees and artists may remain without jobs and we may be without revenue for an entire year or more. Even once venues are permitted by the government to reopen, our industry will require months to return to usual schedules, due to the intricate and complicated process of artists' planning, scheduling and tour routing. Further, capacity limitations and other restrictions will likely inhibit our ability to fully recover for years. Many believe this will not happen until a vaccine is readily available to the public. Others worry that even if they can hold on through the shutdowns, they will not be economically viable if they have to operate at 25 or 50 percent occupancy.

We truly appreciate the tremendous response and swift action taken by Congress to support many industries across America, but unfortunately the programs that were enacted provide little relief to independent venues and promoters. **In our present situation, in order to ensure public health, we have no opportunity to generate revenue and we have no work to offer most of our employees.** The current programs are designed for businesses that will potentially be able to return to normal business operations in the coming weeks and months. They fail to sustain an industry like ours. With your help, we will resume normal operations and our businesses and employees will come back stronger and more resilient than ever. But right now, without your help, thousands of independent venues will not survive to see the day when our doors can open to the public again. While we have no income, we do have essential employees, employee benefits, debts with personal guarantees, rents or mortgages, utilities, insurance, local, state and federal taxes, and the massive burden of ticket refunds for more than 100,000 canceled shows due to COVID-19.

Many of our members, such as Pabst Theater in Milwaukee (est. 1895), the UC Theatre Berkeley (est. 1916), the Wilma in Missoula (est. 1918), Cain's Ballroom in Tulsa (est. 1924), Newport Festivals in Rhode Island (est. 1954), the Troubadour in Los Angeles (est. 1957), Preservation Jazz Hall in New Orleans (est. 1961), First Avenue in Minneapolis (est. 1970), Exit/In in Nashville (est. 1971), Antone's in Austin (est. 1975), the 40 Watt in Athens, GA (est. 1979), and Metro Chicago (est. 1979) are historic, iconic institutions that have withstood normal business cycles and economic hardships. Our passionate and fiercely independent operators are not ones to ask for handouts. **But because of our unprecedented, tenuous position, for the first time in history, there is legitimate fear for our collective existence.**

In short, our members, employees, artists and local communities are facing an existential crisis as a result of the COVID-19 pandemic and are in urgent need of targeted legislative and regulatory assistance. In particular, as you continue to work to address the COVID-19 crisis, we respectfully request that you consider the following solutions to address the unique situation facing our industry:

- **Ensure the SBA PPP Loan Program Helps Those In Greatest Need.** Modify the existing PPP program, including with a separate allotment of funds for businesses that are completely closed in accordance with government-mandated social distancing guidelines and are severely distressed, or create a separate program for these businesses. Important features needed specifically for shuttered businesses like ours include:

- Increase the loan cap to at least eight times the average monthly cost of all qualified uses of the loan.
 - Build-in flexible loan forgiveness by (1) allowing the use of loan proceeds on payroll, rent, utilities, ticket refunds, working capital, insurance and debt obligations with no minimums on the percentage dedicated to any one expense; and (2) waiving the requirement for loan forgiveness to be contingent on employee retention if companies have no work to offer employees.
 - To the extent loan pay-back is required for any portion, ensure that payments are not required and interest does not accrue until one year after the industry is able to resume normal operations at full legal capacity.
 - Amend the program to expand the multiple location provision and affiliation waivers to entertainment businesses (NAICS Codes 711310 and 711320) with multiple physical locations, but less than 500 employees per location, to receive PPP loans.
 - Extend the program until shuttered businesses are able to resume normal operations at full legal capacity and allow eligible companies to apply for multiple PPP loans.
 - Ensure quick processing through SBA based on information and data already submitted to SBA through initial applications.
- **Tax Relief**
 - **Ticket Revenue.** Consider tickets sold by small and medium sized promoters for canceled and postponed events to be considered “distressed inventory” for tax purposes and provide a tax credit for refunded ticket prices where a patron has opted for a refund rather than a voucher for a future event.
 - **Employee Retention Payroll Tax Credit.** Expand eligibility to include shuttered businesses who are recipients of PPP loans and continue this benefit until the industry is able to resume normal operations at full legal capacity.
 - **Tax Deferral.** Request that federal taxes for shuttered businesses be deferred until at least six months after the industry is able to resume normal operations at full legal capacity.
 - **Unemployment Insurance.** Continue additional federal support for unemployment insurance for employees of shuttered businesses, including contract workers and artists who otherwise do not have access to relief.
 - **Mortgage and Rent Forbearance.** Develop a solution to allow commercial rent and mortgage payments to be abated without lease cancellation until shuttered businesses are able to resume normal operations at full legal capacity.

- **Business Recovery Fund.** Establish a grant-funded business recovery fund for shuttered businesses such as independent venues and promoters that will assist these culturally and economically crucial businesses in recovering revenue losses incurred during an extended period of government-mandated closure with the goal of allowing each business to seamlessly return to normal operations once permitted.
- **Existing Debt Deferral.** Allow shuttered businesses to defer existing debt payments, and to prohibit creditors from moving to bankruptcy proceedings, requiring personal guarantees, or collecting collateral.
- **Reopening**
 - Dedicate national resources toward increasing testing, contact tracing, viral treatments and a vaccine, as well as uniform national systems businesses can use to prevent future spread.
 - Establish national guidelines for resuming and continuing large gatherings in a safe manner to ensure uniformity throughout the industry. This is particularly important to facilitate a tour for artists and entertainers that rely on the availability of venues across the country in which to perform.
 - Provide assistance to businesses through grant funding or tax credits to comply with any new health guidelines required for venues like ours to return to normal operations.

Taken together, these proposals will serve as a vital lifeline for our industry, for our community of employees and artists and for the iconic venues that mean so much to our local communities. At the same time, we are doing our part and working collectively to formulate and implement policies that will allow us to operate in a safe manner when we are able to once again reopen our doors.

Thank you very much for your consideration of our needs. We look forward to partnering with you throughout the economic recovery process.

Sincerely, on behalf of the thousands of independent venues and promoters in America,

A handwritten signature in black ink that reads "D Frank". The signature is stylized and cursive.

Dayna Frank
Board President, NIVA
Owner, First Avenue & 7th St Entry, Minneapolis, MN