

EXAMINING THE IMPACT OF COVID-19 ON THE LIVE EVENT ENTERTAINMENT INDUSTRY

HEARING

BEFORE THE

SUBCOMMITTEE ON MANUFACTURING, TRADE,
AND CONSUMER PROTECTION

OF THE

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED SIXTEENTH CONGRESS

SECOND SESSION

DECEMBER 15, 2020

Printed for the use of the Committee on Commerce, Science, and Transportation



Available online: <http://www.govinfo.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

52-921 PDF

WASHINGTON : 2023

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED SIXTEENTH CONGRESS

SECOND SESSION

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EXAMINING THE IMPACT OF COVID-19 ON THE LIVE EVENT ENTERTAINMENT INDUSTRY

TUESDAY, DECEMBER 15, 2020

U.S. SENATE,
SUBCOMMITTEE ON MANUFACTURING, TRADE, AND
CONSUMER PROTECTION,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10 a.m. in room SR-253, Russell Senate Office Building, Hon. Jerry Moran, Chairman of the Subcommittee, presiding.

Present: Senators Moran, Wicker, Blackburn, Lee, Young, Blumenthal, Cantwell, Klobuchar, Sinema, Rosen, and Tester.

OPENING STATEMENT OF HON. JERRY MORAN, U.S. SENATOR FROM KANSAS

Senator MORAN. Good morning. As the Chairman of the Senate Commerce Subcommittee on Manufacturing, Trade, and Consumer Protection, I welcome all of our participants in this hearing today. The hearing is entitled “Examining the Impact of COVID-19 on the Live Event Entertainment Industry.”

The Subcommittee will now come to order.

As covered in this subcommittee’s previous hearing on the manufacturing community’s response to the pandemic, COVID-19 continues to negatively impact many industries and businesses throughout the American economy and another industry, among its hardest hit, is the live entertainment sector.

Due to airborne transmissions of COVID-19, many states and localities have implemented bans on large gatherings of people. This has placed, obviously, a tremendous strain on the entertainment sector which relies on the gathering of large groups of people for concerts, live sports, plays, comedy shows, movies, and many other forms of entertainment.

Companies in this sector have been forced to largely cease operations during the pandemic, leaving these businesses without revenue or alternative means to replace it. Without crowds to perform for, entertainers, venues, and downstream vendors have been forced to furlough staff they typically employ during a concert season. Without stages to light and set up, lighting companies and stagehands have been out of work since March. Without entertainers and event goers to transport, many bus drivers and public transport companies have been largely off the road for months. And without concerts and other events to facilitate, independent venue operators and owners have been without revenue for much of the

past year. These are just a few examples of ways the live entertainment industry sector has been affected this year, which we will hear more about from our witnesses today.

Back in March, Congress passed the CARES Act, which included a number of provisions to help employers of all types, including live event entertainment businesses, weather the pandemic. The Small Business Administration's Paycheck Protection Program provided employers funds to continue paying their employees and cover some business expenses. Other programs meant to help employers and their employees are the Main Street Lending Program and the Economic Development Administration's Recovery Assistance Grants. For many categories of businesses, these programs were ineffective tools. These programs under the CARES Act did not adequately benefit the live event entertainment sector.

This is why I and many of my colleagues have introduced and sponsored the Save Our Stages Act, which would authorize the Small Business Administration to make grants to eligible live venue operators, producers, promoters, and talent representatives to address the economic impacts of COVID-19. This would offer the struggling businesses a lifeline to continue operations until they can return to doing what they love, entertaining Americans.

There are a number of other legislative proposals, including the RESTART Act that worked to address the needs of the live event sector. And I encourage my colleagues to work to ensure this industry is supported in the ongoing negotiations around a phase four COVID relief package.

I should also point out that there is a ripple effect on the economy when the live entertainment industry is out of work. Restaurants, bars, transportation, and many other businesses that thrive on live events bringing people to a community from surrounding areas are hurting. This means that when lights are dark in the local live event venue, the economy in that community as a whole is also dark.

I look forward to hearing from our witness panel today. It will provide a variety of different perspectives to this important issue. Joining us today is Mr. David Fay, President and CEO of The Bushnell Center for the Performing Arts in Hartford, Connecticut; Mr. Adam Hartke, owner of The Cotillion and Wave in Wichita, Kansas; Mr. Ron Laffitte, President of Patriot Management in Los Angeles, California; and Mr. Pete Pantuso, President and Chief Executive Officer of the American Bus Association from Bradford, Pennsylvania; and Mr. Michael Strickland, Owner of the Bandit Lites in Knoxville, Tennessee.

Finally, a number of organizations representing a multitude of entertainment industry interests have provided written testimony for the record which describes the hardships that their portion of the industry is facing, with recommendations for how Congress should act to address these issues. I would ask unanimous consent that these letters be submitted into the record. Without objection, so ordered.

[The information referred to follows:]



DEPARTMENT FOR PROFESSIONAL EMPLOYEES, AFL-CIO

December 14, 2020

The Honorable Jerry Moran, Chairman
U.S. Senate Committee on Commerce, Science, and Transportation, Subcommittee on
Manufacturing, Trade, and Consumer Protection
512 Dirksen Senate Building
Washington, DC 20510

The Honorable Richard Blumenthal, Ranking Member
U.S. Senate Committee on Commerce, Science, and Transportation, Subcommittee on
Manufacturing, Trade, and Consumer Protection
512 Dirksen Senate Building
Washington, DC 20510

Re: December 15th hearing, "Examining the Impact of COVID-19 on the Live Event
Entertainment Industry"

Dear Chairman Moran and Ranking Member Blumenthal,

Thank you for holding a hearing to examine COVID-19's impact on the live event entertainment industry. The Department for Professional Employees, AFL-CIO (DPE) is a coalition of 24 national unions representing more than four million professional, technical, and other highly skilled workers. Twelve DPE affiliate unions consist of professionals working in the arts, entertainment, and media industries – including many members who work on stage and behind the scenes throughout most of the live event entertainment industry. On behalf of our affiliate unions, I wish to share with the subcommittee DPE's perspective on how Congress can most effectively support the live event entertainment professionals who have been impacted by the COVID-19 pandemic.

The live event entertainment industry is a substantial part of a sector that in normal times generates more than four percent of the United States' GDP and employs more than four million people. However, to date, this sector has lost an estimated \$14.1 billion in economic activity due to COVID-19¹ as 95 percent of all events² this year have been cancelled.

The cancellation of live events because of COVID-19 is inflicting acute, continuing economic pain on union creative professionals. While some have continued to work, the industry's employment rate remains well below normal, and an estimated 77 percent of people who work in live event entertainment have lost *all* of their 2020 income.³ Live event entertainment professionals will also likely be some of the last people able to safely return to

¹ Americans for the Arts. (2020) "The Economic Impact of Coronavirus (COVID-19) on the Arts and Cultural Sector." Retrieved on November 9, 2020 from <https://www.americansforthearts.org/bytopic/disaster-preparedness/the-economic-impact-of-coronavirus-on-the-arts-and-culture-sector>.

² SaveLiveEventsNow.com

³ Ibid

their jobs due to expected longer-term social distancing requirements. The very nature of their work is such that it occurs in public venues and on job sites requiring close personal contact.

We believe it is critical that Congress take immediate action to provide continued economic support for impacted live event entertainment professionals. We urge Congress to extend and expand COVID-19 economic support programs; preserve access to affordable, quality healthcare through 100 percent COBRA subsidies; protect the pension funds of live event entertainment professionals; ensure tax fairness for middle-class creative professionals; and provide fair access to government economic support for all nonprofits. We also believe that Congress should provide economic support for organizations in live event entertainment so people can get back to work, while requiring that these organizations adhere to conditions no less stringent than Sec. 4003(c)(3)(D)(i) of the CARES Act. Our specific policy recommendations for how Congress can provide this continued economic support is included in the attached document, "Economic Support Needed for Creative Professionals Impacted by COVID-19."

There should be no doubt that live event entertainment has been especially hurt by the COVID-19 pandemic. Congress must not overlook the devastating pain endured by the industry's otherwise resilient workforce as it examines the sector's economic damage.

Thank you for your consideration of our request. If you have any questions, please contact DPE Assistant to the President/Legislative Director, Michael Wasser at mwasser@dpeafcio.org or (202) 638-0320 ext. 11.

Sincerely,



Jennifer Dorning, DPE President



DEPARTMENT FOR PROFESSIONAL EMPLOYEES, AFL-CIO

November 16, 2020



Economic Support Needed for Creative Professional Impacted by COVID-19

The COVID-19 pandemic continues to hurt the arts, entertainment, and media industries, and the need for continued economic support for impacted creative professionals, including members of our unions, only grows more urgent. In normal times, these industries help power a sector that generates more than 4 percent of the country's GDP and employs more than four million people. However, to date, this sector has lost an estimated \$14.1 billion in economic activity due to COVID-19¹, and losses will continue as many theaters, soundstages, and performance venues remain dark well into next year. While some have continued to work, the industries' employment rates are well below normal levels. With their work occurring in public venues and on job sites requiring close personal contact, many creative professionals will likely be some of the last workers able to return safely to their jobs due to expected longer-term social distancing requirements.

Protect professionals designated as essential workers and those returning to the workplace

- Require the Occupational Safety and Health Administration to issue an Emergency Temporary Standard to protect workers from occupational exposure to infectious diseases, including COVID-19.
- For any professionals designated as essential or returning to the workplace:
 - Guarantee access to employer-provided personal protective equipment.
 - Require employers to implement and enforce workplace social distancing policies that limit exposure to COVID-19.
 - Require employers keep professionals who become infected with COVID-19 on payroll, remain responsible for affected professionals' health care costs, and cover any family care costs accrued by affected professionals as a result of treating a COVID-19 diagnosis.
 - Require hazard pay as additional compensation for professionals deemed essential who are working outside their homes during the COVID-19 pandemic.
 - Provide flexibility or alternative work options for professionals deemed essential but who live with immunocompromised individuals.

¹ Americans for the Arts. (2020) "The Economic Impact of Coronavirus (COVID-19) on the Arts and Cultural Sector." Retrieved on November 9, 2020 from <https://www.americansforthearts.org/by-topic/disaster-preparedness/the-economic-impact-of-coronavirus-on-the-arts-and-culture-sector>.

Extend and expand COVID-19 economic support programs

- Extend the CARES Act's unemployment insurance provisions, including the Federal Pandemic Unemployment Assistance, Pandemic Emergency Unemployment Compensation, and Pandemic Unemployment Assistance, through July 1, 2021.
- Ensure professionals earning both W2 and 1099/self-employment income receive the full benefits of the Pandemic Unemployment Assistance program.
- Expand the Families First Coronavirus Response Act's paid leave provisions to professionals working for companies with 500 or more employees.

Preserve access to affordable, quality healthcare

- Subsidize 100 percent of a person's COBRA costs for one year.
- Extend COBRA eligibility to 36 months.
- Provide economic support for multiemployer health plans that are waiving cost-sharing or keeping ineligible members on their plans for reasons related to the COVID-19 pandemic.

Protect the pension funds of creative professionals

- Allow multiemployer pension plans to:
 - Freeze zone status for at least one year, based on provisions similar to the Worker, Retiree, and Employer Recovery Act of 2008;
 - Smooth investment and contribution base unit ("CBU") losses in the funding standard account, and investment losses in the development of the actuarial value of assets, following provisions similar to the Pension Relief Act of 2010.
- Institute a special partition program at the PBGC to deal with critically endangered multiemployer plans without increasing burdens on healthy pension plans.
- Shore up the PBGC through government funding, not the robbing of healthy pension plans.

Provide economic support for organizations in the arts, entertainment, and media industries that gets people back to work

- Appropriate \$9 billion in emergency supplemental funding to ensure nonprofit arts organizations and public broadcasting stations can continue operations, keep people employed, and be ready to immediately resume productions when it is safe to do so.
 - The \$4 billion should be administered by the National Endowment for the Arts, National Endowment for the Humanities, and the Corporation for Public Broadcasting. No less than 60% of the \$4 billion should be in the form of direct grants. Any federal money distributed by a state or local arts agency must comply with the conditions of a direct grant.
 - For live theater employers unable to receive federal arts funding, ensure access to low-interest loans for the purpose of operational continuity, continued employment, and the ability to resume productions when it is safe to do so.
 - Any organization accessing supplemental federal arts funding or a low-interest loan must attest that it will adhere to conditions no less stringent than Sec.

4003(c)(3)(D)(i) of the CARES Act. (e.g. minimum employment requirements, layoff prohibitions, outsource/offshore prohibitions, non-abrogation of collective bargaining agreements, union neutrality, etc.)

- Extend and enhance the Section 181 film tax deduction.
- Restore the long-standing business tax deduction for live entertainment event ticket purchases.

Protect the collection and dissemination of news and information

- Provide temporary payroll support for people working in print, radio, television, and digital-native news to keep them on the job at a time when news is essential.
- Appropriate and direct federal advertising dollars for programs where community outreach is needed for spending on local media.

Ensure tax fairness for middle-class creative professionals

- Allow middle-class creative professionals to deduct necessary business expenses by including the Performing Artist Tax Parity Act of 2019, bipartisan legislation that would update the Qualified Performing Artist tax deduction.

Prohibit post-employment restrictive covenants for journalists and other media employees until December 31, 2021

- To ensure journalists and other media employees are able to find and accept new work during the COVID-19 pandemic, prohibit employers from enforcing any anti-competitive restrictive covenant.

Provide fair access to government economic support for all nonprofits

- Allow all nonprofits, including labor unions, access to the Paycheck Protection Program, not just 501(c)3 organizations.

If you have any questions, please contact DPE Assistant to the President/Legislative Director, Michael Wasser at (202) 638-0320 ext. 11 or mwasser@dpeaffcio.org

Ottawa Bus Service, Inc.
CROSSROAD
T O U R S
1320 W. 149TH STREET
OLATHE, KS. 66061
913-829-6644

December 14, 2020

TO: Honorable Senator Jerry Moran
RE: Ottawa Bus Service, Crossroad Tours

Dear Senator,

Thank you for your continued interest in our company, Crossroad Tours and the traveling public of Kansas.

We have been in business 84 years. We operate 18 charter buses and 3 trolleys normally, serving the public needs, University travel needs and churches and all traveling groups. We carried over 80,000 passengers in 2019. We carried the Lombardi trophy and Coach Reid and the Kansas City Chiefs back to Arrowhead after their triumphant Super Bowl LIV victory. On March 13 our entire fleet was brought home and parked. We did not operate a trip for 3 months, had 3 trips this Summer and a handful with NAIA Universities this Fall. Our annual sales are around 2,750,000. We stand to lose \$2,000,000 this year.

We have kept our fulltime employees through the KDOL Shared Work Unemployment program. We received funds from the PPP April 17th that ran out Sept 17th, and an EIDL loan. We are grateful for this legislation; this is how we are here today, on borrowed money. We helped with Hurricane relief in Louisiana this Fall for FEMA, and have taken a couple of Department of Defense trips in November. Our lenders have deferred our massive bus payments for 6 months, (April-Sept.) and we are paying interest only now until March, when payments resume.

Without passing new PPP funding (for payroll) and CERTS, which will help us make our loan payments and infrastructure costs, we will be out of funds in 6 weeks. Our entire industry needs help. We do not think we will be at 50% work capacity until July 2021. There are 3,000 bus companies that carry 6,000,000 people annually. We are ready to work today, with nowhere to go. We need to be kept afloat until the virus is over and people feel safe to travel, events start up and kids can go to their camps and competitions. Thank you

Daniel Newby,
President

CROSSROAD T O U R S 1320 w. 149TH Street Olathe
Kansas 66061 913-829-6644

LIVE EVENTS COALITION
December 15, 2020, Washington, DC

Senator ROGER WICKER,
Chairman,
Senate Commerce Committee.

Senator MARIA CANTWELL,
Ranking Member,
Senate Commerce Committee.

Senator JERRY MORAN,
Chairman,
Senate Commerce Subcommittee on
Manufacturing, Trade and Consumer
Protection.

Senator RICHARD BLUMENTHAL,
Ranking Member,
Senate Commerce Subcommittee on
Manufacturing, Trade and Consumer
Protection.

Dear Senators:

On behalf of the nearly 12 million American workers in the Live Events industry and the small businesses that employ them, the Live Events Coalition applauds you for holding today's important hearing entitled: *"Examining the Impact of COVID-19 on the Live Event Entertainment Industry."*

The Live Events industry may be invisible to most as we primarily operate behind the scenes, but we touch the lives of every American while serving as a critical engine for the U.S. economy. We provide event venues, planning, design, catering, audio, video, lighting, entertainment, rentals, décor, tenting, transportation, staging, ticketing, event security, floral, . . . and so much more. We serve corporate meetings, trade shows and conferences. We build concerts, festivals and fairs. We create weddings, fundraisers and parties. We help sporting events, political events and milestone events. Our industry employs nearly 12 million American workers and accounts for almost \$1 trillion in economic impact. Perhaps most notably, our industry is part of a much larger co-dependent ecosystem that includes Travel and Tourism, Food and Beverage, Arts, and Hospitality.

Simply put, the impact of COVID-19 on our industry has been nothing short of devastating. The COVID-19 pandemic has forced more than 80 percent of our businesses to lose 60 to 100 percent of their revenues for the past 8-plus months. 78 percent of our employees also remain furloughed, and few of our business owners have taken a salary since February. This difficult reality is expected to persist well into 2021, particularly as more rigid restrictions are put into place in states, as the virus spikes across the country. The truth is truly sobering: Our industry's small businesses, workers and their families will see no meaningful end to this ongoing nightmare until months after an effective vaccine has been deployed.

In the early months of mandatory business shutdowns, our business's bills were at least partially covered by the initial Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL). Unfortunately, these funds have completely run out, and in most cases our businesses are now saddled with crippling debt. Retirement savings accounts have been depleted, life insurance policies cashed in, and many business owners have had to sell their homes in order to keep their operations ready to eventually go back to normal.

Without additional and immediate relief, the vast majority of small businesses within the Live Events industry simply will not survive. This is why we are grateful of your attention before the Senate Commerce Subcommittee, and we welcome the opportunity to provide constructive insight into how Congress can help support us during this time of need. Our survival absolutely depends on the critical relief measures you and your colleagues are considering today. In light of this, we are seeking immediate passage of legislation to include additional opportunities to access forgivable PPP loans along with extended unemployment benefits for our workers, such as PUA.

Here is a more detailed look at the needed relief measures that could help bridge our businesses and workers from now until the end of the pandemic:

- **FORGIVABLE LOANS:** This is key to helping businesses stay afloat until states allow for events to happen again. However, for many of us, the restrictions in the current PPP rules are less than optimum, since the original bill was geared towards bringing back employees that many of us still don't have work for, and not enough assistance for the payment of many of our fixed business costs. It is critical, therefore, that Congress passes this relief measure with a few key improvements to existing PPP standards:
 - A proportional forgiveness system tailored to the hardest hit businesses
 - Wider allowable utilization of funds in order to keep businesses operational and out of bankruptcy

- Longer utilization period to more reasonably match the business realities of the pandemic
- Funding amounts tied to the business's actual operating costs
- "Second Draw" accessibility, to accommodate businesses who have already received PPP loans, but have exhausted those funds.
- **EXTENDED PUA:** In order to support our furloughed workforce as well as our businesses owners, we request a reinstatement of the CARES PUA program. This resource should be available to furloughed business owners and workers for a minimum of 4 to 6 months, with an option for extension in the event that an effective and widely distributed COVID-19 vaccine has not yet developed by the end of this term, leaving us still effectively shuttered.
- **SECOND-DRAW EIDL:** Many businesses in our industry can still benefit from an improved EIDL program, with the same 30-year repayment period, but at a 1-2 percent interest rate, an initial payment-and-interest forbearance period tied to a 90-day margin following our state's full reopening, eased qualification standards, and loan amounts greater the recent SBA-imposed \$150,000 limit.

As an addendum, please find a summary of recent findings from the Live Events Coalition's December 1 nationwide survey of Events industry professionals, which further outlines the clear and urgent need for an economic lifeline for our businesses and workers.

As an additional addendum, please find a sampling of the more than 550 comments left by our survey's respondents, illustrating in our business owner's or employee's own words how they have been uniquely impacted.

We thank you for your leadership in holding this hearing and we respectfully ask that you please enact these necessary relief measures to give our businesses and proud industry workers a chance to survive. Please let us know how we as an organization can help you and the Committee bring these critical relief measures to fruition.

Thank you for your service to our country.

Sincerely,

—The Founders, Executive Board, and Members of the Live Events Coalition

—The Independent State Chapters of the Live Events Coalition, including: Arizona Live Events Coalition, California Events Coalition, Colorado Event Alliance, Connecticut Event Industry Coalition, DC Events Coalition (DC, Maryland, Virginia), Live Events Coalition of Florida, Illinois Events Coalition, Kentucky Events Coalition, Massachusetts Live Events Coalition, Live Events Coalition of Minnesota, Live Events Coalition of Nevada, Live Events Coalition of New York and New Jersey, Live Events Industry of Oregon, Texas Live Events Coalition, Utah Live Events Industry Association, Washington State Wedding and Events Association

—Our Partner Live Events Industry Coalitions in Louisiana, New Mexico, Philadelphia, and Tennessee

Addendum 1 to Live Events Coalition Letter to Senate Commerce Subcommittee Leadership

Live Events Coalition—Recent Business Survey Findings

On December 1, 2020, Live Events Coalition finalized a nationwide survey of Events industry professionals. The results demonstrate the clear and urgent need for an economic lifeline for our businesses and workers, who are amongst the very hardest hit in our country due to the COVID-19 pandemic, and the necessary shutdown of our entire industry.

The survey generated more than 1,400 responses from Event professionals across 43 U.S. states. On average, respondents have spent 20+ years in the industry, including both business owners and employees.

- *33 percent of industry's professionals have lost 90 to 100 percent of their income and revenues since the beginning of the COVID-19 pandemic, and more than 80 percent of businesses have lost more than 60 percent of their revenues.*
- *Fewer than 8 percent of industry professionals have better than a 40-60 percent loss of income and revenue.*

- Most industry businesses will not survive without further Federal aid, with *over 57 percent* reporting that they *will fail within 2 to 4 months* without additional relief enacted by Congress. Further, *26 percent* say they won't even make it to 2 months. *An astounding 80 percent will fail within the next 4 to 6 months.*
- There are nearly *1.1 million* events businesses in the U.S, employing an average of 10+ employees each.
- Events businesses have furloughed nearly *80 percent* of their workers, totaling *more than 9 million Americans*, and the majority of these have been out of work since the beginning of the pandemic, with no hope for return until months after the full vaccination of our country.
- *More than half* of the smallest Events businesses now have no payroll at all, with *100 percent* of their employees laid off.
- Of the Events Industry's largest businesses (over 100 employees), more than *56 percent* have downsized to fewer than 20 employees since the start of the pandemic.
- Nearly *60 percent* of Events industry workers say they will be unable to remain in the industry and still pay their bills for longer than 1 to 2 months, without an extension of PEUC and a revival of PUA assistance.

Addendum 2 to Live Events Coalition Letter to Senate Commerce Subcommittee Leadership

A sampling of the more than 550 comments yielded by our recent survey:

"I employ 4 part-time workers which immediately reduced to 1 in March and now I am cutting the last one due to lack of work/income. Arizona, where I live and have had my business for the past 6 years does not provide unemployment compensation that is close to sufficient and without the Federal assistance, I will be forced to close my business in the next 4 months. Since I also refer a large number of event professionals (I'm an event planner) this will affect many others."

—Sally Arnold, Arizona

"Covid-19 brought my company to a standstill—we were set to have our best year in business. Between March 1 and March 15, we had over \$400K of booked business cancel, and that does not include unbooked business or contracts in the "bid" process. I had to lay off my staff and cut back on everything. I did nothing for 4 or 5 months. Slowly now, our clients are trying to do virtual events, at 10 percent of the rate we would get paid for live events—it's not enough to survive. I have been doing events for 25 years, have had my company for 12 years, and it's crushing to see it destroyed at no fault of my own, and crushing to sit back and see no support from the Government."

—Ryan Zynger, California

"I have been in the event industry for 35 years. It's all I have done. In October of 2019 I put everything I saved and earned into buying my own venue. A 50,000 sq ft building with 3 event spaces. On March 13, 2020 we were mandated to shut our doors and I see no hope that in the near future our doors will be able to be reopened. I don't do catering, I have no way to pivot. My venue and my entertainment company are at a screeching halt. I am at a 90 percent loss for the year. I won't make it past 6 months!"

—Shiran Nicholson, Connecticut

"My business was shut down since March 2020 to date. I've had no income, all my clients have cancelled, postponed and rescheduled for 2021, and at this point they're starting to reschedule and cancel now. I've already lost my January, February and March clients. If I don't get any help, I'll be closed in two months. My personal funding has been stretched to the limit, my bills are piling up and I haven't received one cent from the government, I'm assuming it's because I have no "employees." I am a real self-employed business and female owned company that is trying to remain open."

—Michelle Rodriguez, Connecticut

"I have been a meeting travel director for 23 years. I have tried to find a job locally, but my salary would be 1/3 of what I was making. All I'm qualified for in this area of Florida is to work a part-time or full-time minimum wage job. I am sinking quickly, and it does not appear that my job will be returning until well into next year."

—Nancy Harris, Florida

"After 20 years in the industry I had finally reached a point that I felt was real success. I taken a leap of faith and created my own business contracting out my services for design and show planning. In March when the shutdown occurred, I was optimistic and have been struggling to hold on to everything that I had worked so hard for. At first it seemed that within a few months we would all be back to work but now here we are 8 months later and no relief is in sight. I am 57 years old and quickly approaching what should have been my retirement. It would be devastating for me to have to begin all over again."

—*Scott Duncan, Georgia*

"I have been in business 18 years. We were shut down in mid-March with an order from the governor and mayor. Since we were able to re-open, we have only hosted 3 meetings of under 10 people and a handful of small events with revenue of under \$750. Prior to this, our revenue was close to \$2,000,000 annually. I went from 25 full and part time employees to 3.5 staff as of this moment. I had to give up the leases on all 15,000 sq. ft. of my event space along with my office leases. I have tried to expand into event rentals with the furniture and decor I now have in storage along with some other new lines of business we developed, but none of it is generating any new income as restrictions keep coming down and COVID-19 cases rise. I am funding the business out of my savings at this point but cannot afford to do this indefinitely. With the new restrictions shutting us down again on Friday for an indefinite period of time, this is just not sustainable."

—*Eva Niewiadomski, Illinois*

"I've been in the hospitality/events industry for 13 years. In early 2020 my company was on target to more than triple our revenue and had moved from high end weddings to large scale corporate events. We had a monster of an event scheduled for early March in Louisville which took my team months to prepare, design, and produce all of the custom elements, purchase the tremendous amount of items needed, and contract the many other small businesses needed to pull off such a large project. ONE DAY before we were to load our trucks, the client decided to cancel their event due to COVID. ALL of my other 2020 events have cancelled with only 1 postponing to NEXT OCTOBER. I had to reduce my team and my 13-year-old business that I gave everything too is barely hanging on. Unfortunately no one wants to buy the entire warehouse full of brand new event items right now."

—*Rayna Wallen, Kentucky*

"After more than 30 years in the exhibits/tradeshows industry I went from \$82k as an LLC to making \$96 a week on unemployment that is about to run out. I have been forced to file for bankruptcy, and if not for my wife's income we would have lost our house as well."

—*David Falcon, Louisiana*

"I am a single mother of 4. They say if you do a job you love then it is not really work. The thing is, there is something magical and gratifying being a part of a successful show. From marking the concrete floors, to pipe and drape, to late night carpet calls, to building and detailing what are often "tricky" booths, to the final show open and seeing the fruition of collaborative work from my brothers and sisters is something that another job just cannot fulfill. I have not worked since early March 2020. I had to re-file my MA unemployment in July 2020 and due to the complete halt of work in March, my benefits reduced from what would normally be \$475/wk down to \$191/wk. In addition to that, extensions are not available beyond when I will need one. I have to tell my children Christmas is canceled this year because Santa is in quarantine. Truth is, I barely have enough money to feed my kids and I have reduced myself to one meal a day to get by as I cannot afford rent, car ins, medical bills, groceries, transportation, prescriptions, clothing, utilities, etc. I have maxed out all 7 credit cards from this pandemic and now have a credit score of 350 vs the 750 score I had pre pandemic. I have worked really hard. Long hours. Physical labor. I am proud of all I have put into my life and for the government to leave all of us stranded is a slap in the face. I vote. I pay taxes. I abide by the law. What does it take for the government to care? I'm absolutely disgusted with Congress and the amount of time it is taking them to help us maintain our livelihoods until THEY tell us we may return to work. Disgraceful and disgusting."

—*Jennifer Whatley, Massachusetts*

"I have lost 97 percent of my business, haven't paid myself since March, and had to lay off all of my staff. I have received some financial help, but that is very close to running out. Without more substantial help my business will close this winter, leaving my employees without work, and our customers without a vendor."

—*Courtney Latham, Oregon*

“We provide live specialty entertainment for corporate events, fairs & festivals, conferences, and private events. We had the biggest year on record in 2019 with forecasted growth of ≥10 percent in 2020. We were hiring and had a team of 5 core staff at the start of 2020. When Covid-19 was officially named a pandemic it changed our world entirely. All our contracts for the year cancelled within 3 weeks and we were forced to go into survival mode almost instantly. Within the next 5 months I lost my entire team and now it is just me trying to keep hope and make it to the other side. Here we are 9 months later. PPP assistance in April was a life saver and through the summer we stayed optimistic that the worst of the pandemic was behind us. My company pivoted to virtual entertainment services, we have taken any opportunity for contracted live events available and yet, while I’m working 10 hours a day, 50 hours a week trying to survive this pandemic-caused economic crisis, we are still not covering our basic expenses of rent, utilities, insurance and salary; all of which are very modest. In 2019 we paid out \$400,000 to contract workers and artists, providing quality live event gigs to the talent in Central Texas. I feel it is my duty to survive this recession so I can be here to offer jobs to the artists again! But in the meantime, we need financial capital in order to hang on. We’re dangling on the side of a cliff. My company has spent through our business savings—I personally am quickly going through my individual savings. We need the government to step in and provide more forgivable loans and aid to the hardest hit sectors. We fight every day to survive this pandemic recession. We ask our government and political representatives to fight for us as well.”

—*Linsey Lindberg, Texas*

“28 years in the industry and we are decimated. For 2020, a 90 percent drop in revenues. For 2021, all of Q1 has canceled, as well as 50 percent of Q2. My office went from 30 full time employees, down to 2. Only options currently, to cover expenses and come close to previous salary, would be to work a minimum of 2 full time jobs as most places currently hiring are paying less than half of my previous salary. I need to support a family of 4.”

—*Relevant Minucciani, Washington*

STATEMENT OF IAAPA, THE GLOBAL ASSOCIATION FOR THE ATTRACTIONS INDUSTRY

Chairman Moran and Ranking Member Blumenthal,

Thank you for exploring the needs of impacted industries. The parks and attractions industry has many of the same issues as explored today but has several unique concerns outlined below. In particular, we would like to thank you and the many other Commerce, Science and Transportation Committee members who have cosponsored the RESTART Act, which we believe is a critical element to help impacted businesses successfully move past the pandemic closures.

IAAPA is the global association for the attractions industry, representing major theme parks, local and destination fixed-site attractions, waterparks, family entertainment centers, aerial adventures courses, museums, zoos, aquariums, manufacturers and suppliers. IAAPA’s U.S. members employ over 700,000 people in over 5,450 businesses with an annual economic impact of \$51.6 billion on the U.S. economy. The pandemic has been devastating to the industry with job loss exceeding 250,000 and revenues down by 60–75 percent, on average, in states that have allowed the industry to open. The impact has been even more devastating in states such as California, New York, Massachusetts and Illinois that have not allowed the parks to open since the beginning of the COVID–19 pandemic.

The CARES Act was a lifeline to businesses that could utilize it, but in March, no one realized the length or severity of the pandemic and the extent to which it would cripple businesses such as those in the attractions industry. Now, nine months later, staring down a second wave of COVID–19 limiting travel and uncertainty preventing future bookings or planning, many industry businesses will not survive without relief to help them bridge this period of uncertainty and get them to 2021 and beyond without a daunting debt load, which will hamper their ability to invest in their businesses and employees. This will not only have a negative impact on their businesses but will also negatively impact the suppliers to the industry and the local community, which benefit by the travel and tourism generated by parks and attractions. For every dollar spent in a park, six is spent in the community.

Closures and lack of revenue is compounded by the significant investment in personal protective equipment and services that businesses within the industry have made in order to ensure their employees and guests are safe from COVID. The industry has spent millions of dollars on personal protective equipment and endless

hours developing safety protocols (see attached industry-developed guidelines). These costs have not ended. While equipment is necessary, increased staffing to ensure that guests and staff are screened, and staff is properly trained is an ongoing cost for the foreseeable future. Additionally, IAAPA zoo and aquarium members have ongoing animal care costs, including food, medicine and medical supplies, diagnostics, environmental testing, life support and other costs related to animal care while their gates remain closed or are opened to greatly restricted crowd sizes.

While some industry businesses were allowed to open for some part of the year in 46 states, they lost much of their “high” season. When they did open, they did so with capacity limitations which led to substantial revenue losses. Additionally, group events were non-existent in 2020 and with advance sales for school, corporate, convention and sports events for 2021 underway, it appears they will be virtually non-existent next year as well.

Like the live venue and restaurant industries, parks and attractions have significant ongoing expenses related to substantial real estate holdings, ride and machine maintenance and upkeep, taxes, loan maintenance and if open, a certain minimum staffing level regardless of the number of patrons. Thus, even when allowed to open at mandated capacity levels, parks and attractions were operating at levels far lower than necessary to successfully sustain their businesses.

Yet another hidden cost to the parks and attractions industry is the loss of experienced individuals that businesses had to lay off or terminate. These employees often had years of experience that is invaluable to the businesses in which they worked. If they cannot be brought back and/or find other positions, this expertise, developed over years, will be lost.

The following assistance is necessary to keep businesses in the parks and attractions industry open and healthy moving forward:

RESTART. Pass the industry-neutral Reviving the Economy Sustainably Towards a Recovery in Twenty-twenty (RESTART) Act (S.3814) introduced by Senators Young (R-IN) and Bennet (D-CO) which provides relief to all severely impacted industries.

Paycheck Protection Program (PPP). Provide additional funding for PPP extending the program through December 31, 2021 to enable a second draw for eligible businesses:

Priority should be given to severely impacted businesses such as those required to close or operate at reduced capacity due to COVID-19 related concerns which can show a revenue decline of at least 25 percent in 2020.

Clarify that seasonal small businesses with fewer than 500 employees who work for six months or more are eligible. Seasonal attractions industry businesses often employ as few as 10–20 percent of their total number of employees on a permanent, year-around basis.

Clarify that small businesses can deduct expenses paid with a forgiven PPP loan from their taxes and will not be taxed on amounts forgiven by the PPP.

Economic Injury and Disaster Loans (EIDLs). Ensure EIDLs are not capped by the Small Business Administration but available to eligible businesses up to the \$2 million allowed.

Liability Protection

Provide targeted COVID-19 liability protection for attractions businesses that are following best practices to protect guests and workers against COVID-related illness

Tax Credits

Enhance the Employee Retention Tax Credit (ERTC) and the Work Opportunity Tax Credit (WOTC).

Provide tax credits for purchase of personal protective equipment goods and services.

Provide investment tax credit for capital equipment purchased.

Animal Care Financial Assistance

Provide \$800 million in Federal support to help the zoological community cover the critical ongoing animal care costs including food, medical supplies and diagnostic testing.

Your leadership in ensuring that Congress addresses the needs of businesses in these important industries is critical. Like the live venue industry, our businesses are an important part of any community eco-system, bringing people into the community where they engage in activities with other area businesses. These businesses

are also an important part of the fabric of the community by training young people and providing family entertainment. Assistance in the areas listed above will enable the industry to remain viable and vibrant elements of the communities in which they are located for years to come.

If we can answer any questions or assist you in your ongoing response to the COVID-19 pandemic, please let us know. We thank Chairman Moran, Ranking Member Blumenthal and all the Committee members for their interest and attention to the pandemic response needed to help impacted industries.

WRITTEN TESTIMONY OF THE RECORDING ACADEMY

Chairman Moran, Ranking Member Blumenthal, and members of the Subcommittee:

The Recording Academy thanks you for holding the December 15 hearing, “Examining the Impact of COVID-19 on the Live Event Entertainment Industry,” and welcoming our testimony for inclusion into the hearing’s record. As the Nation’s leading association for songwriters, musicians, performers, producers and engineers, we know first-hand how important the live event industry is to our Nation’s economy and to countless small businesses in communities across the U.S. Live events are also the backbone of the music industry, and the predominant source of income for the vast majority of our 25,000 members. As the hearing clearly highlighted, the live events industry needs Congressional assistance.

When the Coronavirus first began to spread in March, it was live events that became, painfully, among the first industries to shut down. Overnight, tours were cancelled, gigs were put on hold, and festivals were rescheduled. An \$877 billion industry evaporated in the blink of an eye. Nearly ten months later, we remain paused and music makers—along with the performing venues, studios, managers, bookers, catering teams, crews, and other small businesses—remain reeling from the devastating economic effects of COVID-19. They remain in desperate need of comprehensive legislation that will save the economic livelihood of the music ecosystem.

Throughout the pandemic, the Recording Academy has championed a number of bipartisan legislative proposals and solutions to protect jobs and spark a resumption of economic activity. Many of these ideas were represented during the subcommittee’s hearing, and we are heartened to know that many of the proposals have received widespread bipartisan and bicameral support in this Congress. It is encouraging that Congressional leaders have recognized the plight of the live event industry, and we are optimistic that many of these important changes will become law before the end of the year.

During the hearing, it was gratifying to hear committee members speak enthusiastically about the Save our Stages Act (S. 4258)—critical legislation championed by the Recording Academy and many others in the music economy. As witnesses demonstrated, without small and independent venues there would be no touring, and without touring there would be no live music. Venues and stages make up the backbone of communities across the nation, providing direct jobs and opportunities for our performing members, and sparking economic activity up and down Main Street. The Save our Stages Act must become law.

The hearing also shed light on the RESTART Act (S. 3814), a bipartisan and bicameral bill supported by the Recording Academy, which will provide flexible and long-term assistance to many small businesses in jeopardy of going out of business. For the music industry, the RESTART Act represents a lifeline to countless recording studios, sole proprietorships, small record labels, and other small music businesses that are vital to the music ecosystem. Short-term and temporary measures will not sustain these businesses who continue face an uncertain future.

Together with an expanded and improved Paycheck Protection Program, the RESTART Act will ensure that our industry’s small businesses and sole proprietorships have better access to aid.

The hearing also brought to focus the pandemic’s impacts on the workers in the live event industry, who, through no fault of their own, find themselves out of work, unable to work, or underworked. From the musicians on the stage, to the roadies backstage, to the sound crew in front of house, the shutdown of the industry has affected millions of workers—many of whom are self-employed or independent contractors. Congress set to protect these workers through expanded unemployment in the CARES Act, but with the expanded programs set to expire in less than two weeks, more protections need to be swiftly passed to ensure that American workers in need can continue to receive benefits from the Pandemic Unemployment Assistance program. Congress needs to extend the PUA program for the duration of the pandemic.

Additionally, Congress needs to ensure that the PUA program truly works for the non-traditional workers in the live event industry, many of whom were unintentionally left behind by the CARES Act. These workers, who receive multiple sources of income—including a mix of 1099 and W2 wages—were misclassified and denied access to PUA, depressing their weekly benefit amount in all 50 states. Passage of the Mixed Earner Pandemic Unemployment Act (S. 4442) is a simple and low-cost fix to this growing problem. The “mixed earner” problem was further exacerbated by the expiration of the Federal Pandemic Unemployment Compensation program on July 31, 2020, which decimated the weekly benefit amount. Congress must act to solve the “mixed earner” problem and also resume the FPUC program so that the non-traditional workers in the live event space can receive an appropriate benefit amount for the duration of the industry’s shutdown.

Finally, Congress needs to take steps to ensure that live music can resume and thrive post-pandemic by encouraging the creation of new sound recordings. The HITS Act (S. 4955), a bipartisan tax proposal, would help lift music workers, recording studios, and other businesses out of the depths of recession through the production of new music. The HITS Act is a low-cost, but important, modification of the tax code that would create new opportunities for independent music makers to return to the studio, and eventually the stage. Congress must pass the HITS Act to ensure that creators can continue to create and go on tour.

The Recording Academy applauds the committee’s commitment to the live events industry. As the Coronavirus pandemic continues to impact our workers and small businesses, Congress must enact common-sense solutions to keep the industry afloat. Without Congressional action, the live events industry is at risk. We look forward to working with the committee and its members on enacting these important policy measures, and returning to the stage in 2021.

PREPARED STATEMENT OF THE BUSINESS CONTINUITY COALITION

The Business Continuity Coalition (BCC) represents a broad range of business insurance policyholders—large and small—from across the American economy, employing more than 60 million workers. The group was launched earlier this year to provide the policyholder perspective in efforts by policymakers and stakeholders to develop a public/private program to limit future economic damage from pandemics that cause business interruptions.

The BCC Steering Committee includes the American Gaming Association, American Hotel & Lodging Association, Fox Corporation, International Council of Shopping Centers, Live Nation, Marriott International, Motion Picture Association, Nareit, National Association of Broadcasters, National Association of Manufacturers, National Association of Realtors, National Restaurant Association, National Retail Federation, The Real Estate Roundtable, Sony Pictures Entertainment, ViacomCBS and the Walt Disney Company. A full list of member organizations as of this date appears at the end of this statement but the coalition continues to expand and the most up-to-date list of members can always be found at the BCC website *here*.

EXECUTIVE SUMMARY

The magnitude of the COVID-19 pandemic’s financial and social impacts has exposed significant shortcomings and vulnerabilities in our country’s preparedness for and resilience to systemic catastrophic events of this scale and nature. This includes coverage gaps in insurance protection for losses from business interruption occurring arguably in the absence of “physical damage” to the business location. Equally important, coverage gaps for the pandemic risk have also been revealed or developed as a result of this year’s crisis in other lines of insurance, including event cancellation, film & TV production package, general liability, and employment practices liability insurance. The crisis has also put stress on workers compensation insurance.

Although overshadowed for the moment by other effects of the pandemic, if not remedied, these insurance gaps will hinder any recovery. This is especially true in the entertainment industry, including live performance and broadcast, as well as TV and movie productions, and it also impacts business lending (including to entertainment), new leasing activity, retail and hospitality sectors. Private insurance alone cannot and will not remedy the gaps—at least not in the short-term, and certainly not on the scale of the current pandemic—but private insurers need to be part of the solution. What is urgently needed is a federally-backstopped availability mechanism similar to the highly successful one which Congress put in place for terrorism following 9/11—in short, a TRIA-style program for pandemic risk.

The BCC recommends that all of the impacted lines of insurance, including event cancellation insurance, need to be supported with both a “make-available” requirement and a robust Federal backstop for the private insurers making the insurance available. During at least a five-year economic recovery period (subject to reset if the pandemic recurs), the Federal backstop should be provided without charge (as is the case with TRIA) to ensure affordability and maximum take-up, and the economic resiliency that will foster.

As recognized by all other major proposals currently being vetted, the BCC understands that the business interruption line of insurance needs a special rule given the particular gap exposed by the COVID-19 crisis. That is, the insurance product needs to be both for non-physical-damage business interruption (NDBI)¹ and provided on a parametric basis, which may be the only way to ensure widespread, rapid delivery of assistance to America’s businesses in future pandemic crises. Liquidity to meet these rapid pay-outs should be guaranteed. Insurers can be given an option to satisfy their availability duty by supporting a joint underwriting facility which would itself have a Federal backstop. Maximum utilization of global reinsurance capacity and capital markets should also be encouraged. Long-term program continuity is paramount given the time horizon needed for financing this risk.

DISCUSSION

The BCC brings together more than two dozen industries and companies to develop a plan with policymakers and other stakeholders to protect American jobs and to limit future economic damage from pandemics and other national emergencies that cause business interruptions.

The BCC thanks the Subcommittee for its leadership and for holding today’s hearing to address the challenges facing the live entertainment industry stemming from the coronavirus pandemic. Contributing to the severe economic and employment headwinds we face is the nation-wide business insurance crisis that has impacted all aspects of our economy. That insurance protection gap has been exacerbated by insurers withdrawing event cancellation coverage going forward, leaving the live entertainment industry particularly vulnerable.

Closures and shutdowns caused by COVID-19 have significantly impacted the employees and operations of businesses across the country, shuttering the live entertainment industry. The BCC, representing more than 60 million workers in the entertainment, broadcasting, hospitality, retail, communications, restaurant, gaming, and real estate industries, encourages policymakers to take urgent steps to prepare for future risks. While programs like Save Our Stages and RESTART will provide some short-term or immediate relief to impacted sectors, the live entertainment industry—and indeed all businesses—need Congress to address the insurance protection gap to address viability concerns going forward.

Beginning in March 2020 when many sectors of the economy experienced dramatic interruptions of demand or production, often but not always as a result of government-ordered lockdowns or shelter-in-place orders, the insurance which is vital to resuming production also ceased to be available in many cases.

When COVID-19 began, insurers and policyholders initially focused on non-physical damage business interruption claims and coverage, or lack thereof. As COVID-19 has evolved over time, the availability of pandemic-related insurance in other lines has greatly diminished for policyholders when their policies renew. Pandemic exclusions and related clarifications have since become commonplace in event cancellation insurance policies, as well as business interruption insurance policies and other commercial property and casualty insurance lines such as general liability, employment practices liability, and specialty lines like production package insurance. While there may have been debate regarding whether business interruption insurance did or did not cover claims arising from this pandemic, there is no question event cancellation insurance was offered with viral infection coverage prior to the start of COVID-19. Its withdrawal has particularly devastated the live entertainment industry. Like what was experienced with terrorism insurance after 9/11, policyholders are increasingly finding themselves in the untenable position of being unable to secure pandemic coverage, leaving them exposed to business threatening risks.

¹As a general matter, standard business interruption policies include a condition of coverage that suspension of business “must be caused by direct physical loss or damage to property” at the insured premises. While the exact extent of “direct physical loss” as it relates to COVID-19 is the subject of litigation, any physical impact caused by the virus has not typically been sufficient to sustain a claim in many jurisdictions.

The alarming constriction of coverage that commercial policyholders are now seeing is unquestionably related to the financial impact of the COVID-19 crisis on the property and casualty insurance sector. While BCC is not in a position to know directly the exact dimensions of the problem (if indeed it is possible to determine at this stage) the evidence being offered by longtime industry spokesmen is instructive. At the September 29th meeting of the Treasury Department's Federal Advisory Committee on Insurance (FACI), an insurance industry expert estimated potential 2020 insured losses from COVID-19 across just five lines of business—workers compensation, business interruption/contingency, general liability, mortgage guaranty, and D&O—at between \$3.5 billion and \$146.7 billion (to be sure, an extraordinarily wide range), while also acknowledging that there was pandemic risk exposure in several other lines (event cancellation, travel, trade credit, PL, medical professional liability), even with the patchwork of communicable disease policy exclusions which existed before the COVID-19 outbreak.² The same FACI presentation also noted that insurers had begun during 2020 to seek approval from State regulators for “near-absolute communicable disease exclusions” but that “many of those filings” were “not being approved” by State regulators.³

Imposition of “near-absolute” exclusions is no more a workable solution for the American economy now than it was after 9/11 when the immediate reaction—albeit understandable—of the insurance industry also was to seek to exclude terrorism risk from coverage across-the-board. Simply put, the ability of American businesses to secure pandemic risk insurance will be a key factor in America's economic recovery and getting our workers back on the job. Collectively we need to find a way to maintain and restore coverage in many lines of commercial property and casualty insurance. A public-private partnership is essential to achieving that objective, just as it was after 9/11.

The BCC is advocating for a public/private insurance program that, in the event of a government-declared pandemic health emergency, would enable employers to keep payrolls and supply chains intact, help limit job losses and furloughs, reduce stress on the financial system, and speed economic recovery when government-imposed limitations on operations are lifted. Equally important, as with terrorism risk insurance, the value of a workable insurance program is not just the payment of losses but the confidence that adequate protection gives to businesses and their lenders and workers in the meantime—before, and whether or not there is, a crisis. As such, the plan must meet the needs of a broad range of groups: the businesses and employers directly impacted, insurers, lenders and other creditors, policy-makers, and importantly, taxpayers.

The BCC policy recommendations outlined below embrace several elements of other pandemic-related proposals providing a parametric NDBI insurance product. In contrast to many of these proposals, however, BCC recommends mandating availability in other lines of insurance, including event cancellation. While mandating availability in these lines, the BCC proposal would give insurers the option of supporting a joint underwriting facility instead of issuing the backstopped NDBI on their own paper. An important backstop support for insurers' developing workers compensation exposure would also be provided.

In short, the BCC policyholder proposal seeks not only widespread availability and affordability of NDBI coverage but also restoration and expansion of pandemic coverage in other lines, including event cancellation, movie/TV production package insurance, general liability, employment practices liability, and other lines that have been hit hard by COVID-19.

A number of successful models can provide guidance in structuring a government-backed pandemic-risk reinsurance program. Besides TRIA, perhaps two of the most salient models are the Federal Crop Insurance Corporation⁴ (when the Federal entity reinsures private crop insurers at various quota share levels) and the War Damage Corporation (WDC)⁵ developed during World War II (when WDC insured directly but required distributing insurers to share in its risk of loss or profit).

² See presentation of Robert P. Hartwig to Federal Advisory Committee on Insurance, September 29, 2020, particularly slides 13 and 17 (accessed November 16, 2020 at <https://home.treasury.gov/system/files/311/FACI-Presentation-Hartwig-9-20.pdf>).

³ Hartwig FACI presentation at slide 19.

⁴ Public Law 96-365 (Sept. 26, 1980); amended by the Federal Crop Insurance Reform Act of 1994; and by the Federal Agriculture Improvement and Reform Act of 1996 (P.L. 104-127).

⁵ See Appendix for brief overview of the War Damage Corporation and its interface with private insurance industry.

RECOMMENDATIONS FOR PROGRAM FEATURES

For all these reasons, the Business Continuity Coalition urges the design of any pandemic risk insurance program adhere to the following principles:

1. *Scope:* Any Federal backstop should support not only NDBI coverage but also other pandemic impacted lines of insurance, such as event cancellation, workers compensation, production or cast insurance (for film and TV productions), and general and employment practices liability insurance. These lines may need to be supported by a robust backstop even for a recurrence of COVID-19.
2. *Private Insurer Utilization:* Insurers should be included in any pandemic insurance program to involve a number of current industry advantages: (1) determine appropriate premiums to reduce taxpayer outlays; (2) use existing claims-paying infrastructure to pay claims; and (3) leverage insurer expertise in risk mitigation to help businesses understand how they can reduce pandemic risk, comply with imposed requirements, and get their businesses up and running expeditiously.
3. *Availability:* Eligible insurers should be required either to share some portion of the risk in the primary NDBI coverage layer or to support other covered lines of insurance, including event cancellation insurance, as a condition of being permitted to sell any government-supported NDBI coverage. Any pandemic program must properly balance the need to ensure participation with the reality that insurers cannot take on too much uncertain exposure.
4. *Affordability:* Premiums for the program should not aim to cover full program costs. During an initial economic recovery period, the backstop should be without premium, after which the government should charge at least some premium for the risk it bears, but policymakers should not expect premiums to cover the full cost of the program. Premium levels should be set to result in widespread take-up. Cost recovery should be premised on 50+ years.
5. *Solution Must Meet Needs of Businesses of All Sizes:* TRIA should be the template for both availability and backstop, although there are important differences to the pandemic peril that must be reflected in final design. However, the NDBI benefit and the general availability requirements should avoid an arbitrary headcount cliff (e.g., 500 employees), just as the backstop should avoid “deductibles” or co-shares tied to volume rather than risk exposure.
6. *Rapid Claims Payment/Minimum Transaction Costs:* Any primary NDBI program should be structured as parametric coverage, which would be triggered by defined external conditions (i.e., national health declaration + state/local action affecting specified business categories) without recourse to usual proof-of-loss; although use of proceeds might be audited. A Federal Reserve liquidity facility should be authorized to ensure rapid pay-outs.
7. *Pooling Alternative for Offer of NDBI Coverage:* Insurers that do not wish to underwrite the primary NDBI coverage directly should be given the option to support a joint underwriting facility for that coverage which would also enjoy the Federal backstop support.
8. *Stop-Loss As Well As Quota-Share Protection:* Federal reinsurance protection for both NDBI primary program and for other covered lines, including event cancellation insurance, should be offered, on an optional paid basis, in the form of stop-loss protection in addition to the co-share element, given the potentially extreme cumulative risk of pandemic losses.
9. *Utilization of Reinsurance and Capital Markets:* The Federal program should, like NFIP, be encouraged to foster development and use of private reinsurance markets as well as capital markets’ alternative risk-transfer mechanism to further reduce or protect taxpayer exposure.
10. *Continuity:* A Federal pandemic risk insurance program should be administered by a Federal entity housed within the Department of Treasury with continuous existence, such as the WW II-era WDC (later wound-down) or the Federal Crop Insurance Corporation.

CONCLUSION

The Business Continuity Coalition and its members are grateful for the opportunity to submit these comments, and we stand ready to assist this Subcommittee and all Members of Congress and the Administration in developing a pandemic risk insurance program.

We urge Congress to move expeditiously to pass bipartisan legislation that creates a public-private insurance solution consistent with the principles offered above to share the financial risk of losses related to pandemics. Due to the nature of the pandemic and the increased risk of large gatherings, the live entertainment industry is in dire need of a sustainable solution in the form of pandemic risk insurance. This urgent task is an essential precondition to the prompt recovery of this Nation's economy, and going forward will help protect jobs and reduce economic damage from further pandemics.

The Business Continuity Coalition Members

American Gaming Association
 American Hotel and Lodging Association
 American Institute of Architects
 American Land Title Association
 American Resort Development Association
 Appraisal Institute
 Associated General Contractors
 Building Owners and Managers Association
 CCIM Institute
 CRE Finance Council
 Fox Corporation
 Independent Film & Television Alliance
 Institute for Portfolio Alternatives
 International Council of Shopping Centers
 International Franchise Association
 Live Nation
 Marriott International
 Motion Picture Association
 National Apartment Association
 National Association of Broadcasters
 National Association of Home Builders
 National Association of Manufacturers
 National Association of Realtors
 NAIOP—Commercial Real Estate Development Association
 Nareit
 National Independent Venue Association
 National Restaurant Association
 National Multifamily Housing Council
 National Retail Federation
 NCTA—The Internet & Television Association
 Sony Pictures Entertainment
 The Real Estate Board of New York
 The Real Estate Roundtable
 ViacomCBS
 The Walt Disney Company

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF THEATRE OWNERS

The motion picture exhibition industry has been uniquely devastated by the COVID-19 pandemic. Theaters were among the first industries to be ordered closed and will be among the last to recover. Cinema operators from the largest to the smallest companies have experienced dramatic revenue losses while ongoing expenses have continued unabated. We urge Congress to act swiftly to pass legislative solutions that will provide relief for theater operators of all sizes so that this essential American industry is able to recover and thrive once again.

Movie Theater Industry Pre-Pandemic

Across the United States, movie theater operators ranging from publicly-traded circuits to mid-size regional companies to mom-and-pop businesses operate a total of 5,800 theaters and 40,000 movie screens. Movie theaters serve communities of all sizes and demographics, and are an essential home for the world's most creative and ambitious cinematic achievements.

Theaters across the country provide over 153,000 direct jobs, many of which are held by first-time job holders, minorities, and people with disabilities. Theaters also support millions of jobs across movie production and in the cinema supply chain, including concessionaires and food suppliers, construction and design, in-theater advertising, digital cinema equipment manufacturers, seating manufacturers, sound equipment manufacturers, ticketing and point of sale system providers, and accessi-

bility equipment manufacturers. Further, theaters boost thousands of local jobs that support the day-to-day operations of theaters, including electricians, plumbers, HVAC services, pest control, security providers, and janitorial services—in addition to driving foot traffic to surrounding retail and restaurants.

Moviegoing remains one of the most popular and desirable out-of-home activities. Seeing a film on the big screen is one of the most affordable entertainment options for families, and draws significant attendance: 268 million people in North America went to the movies in 2019, more than all the people who attended major sporting events and theme parks combined—a staggering three-quarters of the population. Moviegoing is especially enjoyed by minority audiences: in 2019, nonwhite moviegoers made up 45 percent of all tickets sold, overindexing on their share of the population. The movie theater industry thrived in 2019, with 1.24 billion tickets sold in North America and box office grosses of \$11.4 billion. 2020 was expected to be a similarly successful year, with major titles such as *Black Widow*, *Fast & Furious 9*, *Minions: The Rise of Gru*, *No Time To Die*, and *Top Gun: Maverick* anticipated to gross billions domestically.

Pandemic Impact on Movie Theaters

The COVID-19 pandemic has had an immediate and unrelenting impact on our Nation's movie theaters. As indoor community gathering places, theaters were among the first to face declining revenue from consumers nervous about reports of a possible spread of COVID-19 into the United States. Once the United States officially declared the pandemic, movie theaters were among the first businesses to be ordered shut down by state and local governments, and tens of thousands of theater employees were placed on furlough or laid off.

Movie theater operators of all sizes and geographic locations have faced deep financial distress due to the pandemic. As a result of closures, consumer concerns, and lack of new content, the domestic box office is down 80.2 percent from 2019. For theaters across the country the overall impact is dire: 96 percent of independent and midsize theaters have lost over 70 percent in revenue in 2020; public companies have faced 65–75 percent declines in revenue. Without relief tailored to their circumstances, at least 69 percent of theaters will close permanently or be forced into bankruptcy before the spring of 2021.

Theaters have faced extreme difficulties in the theatrical distribution supply and in remaining operationally viable. Movie theaters rely heavily on a steady supply of new film product to draw audiences, and without this content, theaters simply cannot survive. As the pandemic continued, studio suppliers moved their releases to later dates in 2021 or removed them from theatrical distribution altogether, leaving remaining theaters to play old titles that were available to consumers in the home. Additionally, while movie theaters have been permitted to reopen on a limited basis in some states and localities, they have been subject to drastic capacity reductions and curfews that make operations impracticable. Without new films, theaters cannot draw necessary audiences; this reduction in the film slate combined with capacity and curfew changes means that for many theaters they lose more money being opened than being closed. Many theaters in localities that otherwise permit them to operate have been forced to remain closed or drastically reduce operations. Movie theaters in major markets like New York City, Los Angeles, Seattle, and Portland and across New Mexico and DC have been shuttered for the duration of the pandemic, and Illinois, Michigan, Minnesota, Pennsylvania, Rhode Island, and Washington have shut down theaters statewide for the second time.

With a majority of screens closed, and content in short supply, thousands of individuals who work in theaters remain furloughed. Although small business theater owners were able to get Paycheck Protection Program (PPP) funding, the affiliation rules excluded midsize and large companies whose losses have been similarly extreme. For the owners who did qualify for PPP, the limited amount of funding ran out quickly, and the enduring closure orders made it difficult or impossible for many theater owners to spend their funding on payroll for a workforce that was otherwise entitled to pandemic unemployment insurance due to closures, childcare, or valid health issues. As the pandemic stretches into 2021, theaters risk permanently losing these valuable employees forever, particularly as unemployment benefits run out. Should that happen, theater owners will have to endure further costs to hire and train an entire new team.

If the cinema industry is allowed to fail, the fragile ecosystem of suppliers that depend on the cinema channel will fail as well. From popcorn and concessions to projectors and reclining seat manufacturers, an entire industry exists to support movie theater exhibition. A dramatic reduction in the theatrical footprint could decimate many of these businesses as well.

Movie theaters also act as anchor tenants in malls and shopping centers. Movie theaters are single-purpose buildings, and landlords will face significant difficulty securing new tenants in these spaces, particularly tenants that will have the same kind of draw as movie theaters.

Solutions for Movie Theaters

Given the dire situation facing motion picture exhibition, NATO urges Congress to swiftly enact solutions that could provide relief to theaters of all sizes and their employees:

- *Pass the Save Our Stages Act (S. 4258/H.R. 7806), as amended to include movie theaters, with an allocation of \$15 billion.* The grants provided under the SOS framework to small and mid-size theater companies, many of which have been unable to access any other relief programs, would be a financial lifeline to these struggling companies.
- *Create a new loan program for larger companies that allows borrowers in the hardest-hit industries to obtain lines of credit.* The Main Street Lending Program was well-intentioned, but the cumbersome application process, difficult rules, and low lender subscription meant that very few exhibitors were able to access the program.
- *Urge the Treasury Department to continue providing liquidity to capital markets so that publicly-traded companies in distress are able to access needed funds.* Publicly-traded movie theater companies provide nearly 40 percent of the industry's jobs. Should their firms face an inability to access capital, those jobs could disappear.
- *Provide robust unemployment support to furloughed and laid-off workers.* With hundreds of cinemas still shuttered, thousands of cinema employees remain furloughed. Congress should provide robust assistance to individuals whose jobs have been lost or paused due to the pandemic.

We appreciate the Subcommittee's consideration of movie theaters, our 153,000 employees, and solutions that could assist this essential American industry to survive and recover.

Senator MORAN. With that, I will turn to the Ranking Member who will join us in about five minutes. I also understand the Chairman of the Full Committee, Senator Wicker, would like to have opening remarks as well. Senator Wicker.

STATEMENT OF HON. ROGER WICKER, U.S. SENATOR FROM MISSISSIPPI

Senator WICKER. Thank you very much. I do appreciate your leadership on this important issue. The Senate Commerce Committee has taken many opportunities this year to examine the impact of the COVID-19 pandemic on Americans' lives and our economy. At the full committee level and in our various subcommittees, we have heard about the unique hardships faced by thousands of middle class, hardworking Americans in the manufacturing industry, the transportation sector, and consumers who are most vulnerable to scams.

Today we will hear from representatives of the live event entertainment industry, a sector that has been hit particularly hard this year. Because the coronavirus spreads so easily among large crowds in confined spaces, Americans have essentially had to give up attending live performances such as concerts and theater productions. This full shutdown of live events has been devastating for performing artists and for the venues that host their shows. But the live event entertainment industry also supports an entire ecosystem of businesses, including lighting technicians, food vendors, transportation providers, many [inaudible] businesses themselves and many more just average American workers.

Live events are part of the fabric of American life. The ability of people to travel across the country and join together to experience the great performances has been joy for many Americans. Live music in particular is of great importance to me. After all, the State of Mississippi is known around the world as the birthplace of America's music. Before the pandemic began, I was fortunate to see Garth Brooks perform when he was honored with the Library of Congress' Gershwin Prize. No doubt Garth Brooks and other stars have been financially successful enough to weather the economic shutdown caused by the pandemic. That is not the point of this hearing today.

Our concern today is about the average men and women behind the lights, food trucks, and tour buses who support their families by bringing the arts and cultural experiences to so many. It is my sincere hope that when I see a performance like the one I saw with Garth Brooks again, companies, large and small, and the thousands and thousands of hardworking Americans that make up the live event entertainment industry will have received the support they need to stay in business.

Thank you very much, Chairman Moran. This is an important hearing, and I look forward to hearing from the witnesses.

Senator MORAN. Mr. Chairman, thank you for joining us. And it is through your encouragement that we are able to have this hearing. Thank you for highlighting this issue for this subcommittee and for the U.S. Senate.

Let me begin then with our testimony. We will begin with Mr. Fay, followed by Mr. Hartke, followed by Mr. Laffitte, followed by Mr. Pantuso, and followed by Mr. Strickland. I now recognize Mr. David Fay, President and CEO of The Bushnell Center for the Performing Arts in Hartford, Connecticut.

**STATEMENT OF DAVID FAY,
PRESIDENT AND CHIEF EXECUTIVE OFFICER,
THE BUSHNELL CENTER FOR THE PERFORMING ARTS**

Mr. FAY. Chairman Moran, thank you. Chairman Wicker. My Senator, Blumenthal, I am sure will be here momentarily.

Senator MORAN. Would you prefer, Mr. Fay, that we wait till Senator Blumenthal arrives and we should go to the next witness, if you want to make sure that Senator Blumenthal is here when you testify?

Mr. FAY. That is up to you. He and I have talked about this many times.

Senator MORAN. I am sure he is very familiar. Please proceed.

Mr. FAY. OK. Thank you.

I am David Fay, President of The Bushnell Center for the Performing Arts in Hartford, Connecticut.

I feel like I am in a pandemic-induced time warp. Our downtown, like so many, has suddenly become a ghost town, all too similar to those of the 1960s and 1970s that were decimated by the explosive growth of suburban communities. The hard work to revitalize abandoned city centers like Hartford has been driven in no small part by the substantial public and private investment in restoring and building new performing arts venues that have become magnets for attracting people back to our downtowns. This spawned the devel-

opment of restaurants, bars, clubs, and other venues creating a vitality that has led to residential and commercial development, all of which has brought new economic strength and restored civic pride.

It has also led to the creation of an unprecedented touring circuit supporting tens of thousands of performing artists, entertainers, and shows. An industry that once was centered in a few major cities is now a systemic part of a uniquely American artistic mosaic that stretches literally from sea to shining sea. This vibrant national industry has provided an essential economic and cultural anchor for communities all across our country, that is, until March when the music stopped.

Today we face an existential threat, a threat not only to our industry but to the businesses and the city centers, large and small, that have come to depend on us. The CARES Act was a step but it was scaled to cover a much shorter period of closure than our industry continues to face. We simply cannot reopen our venues nor restart our industry until the virus is subdued, and unfortunately, that does not appear likely until next fall at the earliest.

Our industry is built on venues from the smallest club where new talent is discovered and nurtured to the playhouses and regional theaters where local directors, actors, designers, stagehands, musicians, writers, and more learn and develop their craft; to the Broadway theaters and producers who look at those venues and look to them for new talent and to find half of all the new shows they open each year.

It is also built on performing art centers like The Bushnell. We are part of a delicately balanced live entertainment ecosystem. We depend on it to develop the extraordinary talent and shows that grace our stages, inspiring our audiences, and uplifting the spirit of our communities. Without your help, this ecosystem is in grave danger of collapsing and taking with it the pulse of our city centers.

Yet, this is also about the heart and soul of our country. Even after the virus is gone, we face a long road of healing and recovery. The Irish playwright Sean O'Casey once said, "All the world's a stage and most of us are desperately unrehearsed." We live in a time when emotional intelligence is being outstripped by artificial intelligence. Increasingly, we look to Alexa for information and to social media for personal validation rather than pausing to look at ourselves and reflect on what it means to walk in someone else's shoes. Music and theater are a lens through which we see ourselves, our society, and our world. It is an avenue to explore the miracle that is the Declaration of Independence, to examine the roots and repercussions of slavery, and to try to make sense out of the often confusing evolution of our great American society.

It has been said that everyone dies twice: once when we stop breathing and then again when our name is spoken for the last time. We need your help to ensure that our venues and our industry will survive this pandemic so that the voices of our great American creative community will have the platform from which to sing to us, to challenge and inspire us to be our best selves so that when our names are spoken for the last time, it will be to honor the contribution we made to our neighbor, our country, and to our world.

Thank you.

[The prepared statement of Mr. Fay follows:]

PREPARED STATEMENT OF DAVID FAY, PRESIDENT AND CEO, THE BUSHNELL CENTER
FOR THE PERFORMING ARTS

Thank you, Chairman Moran and Ranking Member Blumenthal, for inviting me to testify today on behalf of the live performing arts and events industry. I am [David Fay] the President of The Bushnell Center for the Performing Arts in Hartford, Connecticut. Our downtown, like so many, has become a literal ghost-town, not too dissimilar from those of the 60s and 70s that were decimated by the explosive growth of suburban communities. The arduous work to revitalize these abandoned city centers over the past forty years has been driven in part by private investment in restored and newly built performance venues, spurred by an array of federal, state, and local tax incentives and great civic pride. This, in turn, has spawned the development of restaurants, bars, clubs and other venues creating a vitality that has led to new residential and retail development, adding economic strength to entire regions who have successfully established their own unique cultural identities around these revitalized centers.

It has also led to the creation of an unprecedented touring circuit for regional and national performing artists, entertainers and shows. An industry that was once centered in a few major cities is now a systemic part of a uniquely American artistic mosaic that stretches literally from sea to shining sea. This vibrant national industry has provided an essential economic and cultural anchor for communities all across our country, but today this industry is facing an existential threat. A threat not only to the industry, but to the businesses and city centers, large and small, that have come to depend on it. The Cares Act was a critical step, but it was scaled to cover a much shorter period of closure than our industry continues to face. We cannot reopen our venues nor restart our industry until the virus is substantially subdued, and I do not expect that to occur until, at least, the fall of this coming year—hopefully!

Our industry is built on live performance venues from the smallest club where new talent is discovered and nurtured; to the playhouses and regional theatres where local directors, actors, designers, stagehands, musicians, writers and more, learn and develop their craft; to the Broadway theatres and producers who look to these venues for new talent, and to find half of all the new shows they open each year; and to the performing arts centers, like The Bushnell and those much larger, who are a part of this delicately balanced ecosystem and who depend on it to develop the extraordinary talent and shows that grace our stages, inspire our audiences, and uplift the spirit of our communities. Without your help, this ecosystem is in grave danger of collapsing and taking with it the pulse of our city centers.

It is also about the heart and soul of our country. Even after the virus is gone from our shores, we face a long road of healing and recovery. The Irish playwright, Sean O'Casey, said, "All the world's a stage and most of us are desperately unrehearsed." I submit to you that it is in our arts and culture that we find the greatest opportunity to explore what it means to be a human being. We live at a time when emotional intelligence is being outstripped by Artificial Intelligence. Increasingly we look to Alexa and Siri for information, and to social media for personal validation and guidance, rather than pausing a moment to look at ourselves and reflect on what it means to walk in someone else's shoes. The arts are a lens through which we examine ourselves, our society and our world. It is an avenue to explore the inspiration of the Declaration of Independence, the roots and repercussions of slavery, and the often-confusing evolution of our great American society.

It has been said the everyone dies twice. Once when we stop breathing, and a second time when our name is spoken for the last time. We need your help to ensure that the arts, our venues, and our industry will survive this pandemic so that the voices of our great American creative community will have the platform from which to speak to us, to challenge us and to inspire us to be our best self—so that when our names are spoken for the last time, it will be to honor the contribution we've made to our fellow man.

NIVA: National Independent Venue Association

Fact Sheet and Policy Ask Update—November 9, 2020

- NIVA includes more than 2,900 independent live entertainment venues and promoters from all 50 states and Washington, D.C., banding together to fight for survival.
- Due to the national routing of most tours, our industry will not recover until the entire country is open at 100 percent capacity. NIVA members need assistance in order to survive until that day.
- According to a survey of NIVA members, 90 percent of independent venues report they will close permanently in a few months without Federal funding. Current PPP funding will not solve the crisis.
- Pollstar estimates a \$9 billion loss in ticket sales alone—not counting food and beverage revenue -if venues remain closed through 2020.
- Live events provide 75 percent of all artists' income.
- For every \$1 spent on a ticket at small venues, a total of \$12 in economic activity is generated within communities on restaurants, hotels, taxis, and retail establishments.
- The estimated direct annual economic impact venues bring to local communities is nearly \$10 billion.
- NIVA members are among the hardest hit. While nearly 90 percent of U.S. businesses have reopened in some capacity, independent venues remain shuttered.

The Broadway League

Touring Broadway Facts: April 2020

- In 2019, Broadway shows performed in over 240 cities across North America and Canada welcoming over 32 million patrons. Broadway theatre had an economic impact of approximately \$20 billion in the US, fueling the economies of all cities it visits including local restaurants, hotels, shops, transportation, and vendors.
- Broadway tours garnered 18.5 million admissions in the 2018–19 season.
- Broadway tours grossed \$1.6 billion in the 2018–19 season.
- Touring Broadway contributes an estimated cumulative \$5.14 billion to the metropolitan areas that host shows.
- On average, Broadway tours generate an economic impact of 3.28 times the gross ticket sales to a local metropolitan area's economy.
- Tens of thousands of performers, crew members, musicians, artisans, vendor shop workers and other workers in the live entertainment industry are unemployed and will remain so until the theatre industry re-opens.

Americans for the Arts

COVID-19's Impact on The Arts Research & Tracking Update: December 7, 2020

1. Impact on Nonprofit Arts and Cultural Sector

Nationally, financial losses to nonprofit arts and cultural organizations are an estimated \$14.6 billion, to date. 99 percent of producing and presenting organizations have cancelled events—a loss of 481 million admissions and \$15.2 billion in audience spending at local businesses (*e.g.*, restaurants, lodging, retail, parking). The total economic impact of organizational and audience-spending losses is \$5.04 billion in lost government revenue and 867,000 jobs no longer being supported. Findings are based on 19,900 survey responses. (*Survey. Dashboard.*)

- 35 percent laid off or furloughed staff.
- 63 percent make their cultural product available online or through social media (67 percent of these organizations expect to continue their virtual presence post-pandemic).
- 10 percent are “not confident” that they will survive the pandemic (a potential loss of 12,000 organizations).
- 41 percent of nonprofit arts organizations are currently open. 59 percent of organizations remain closed.
- ✓ *Open:* 12 percent have remained open throughout. 29 percent have since reopened.

✓ *Closed*: 20 percent have a target date for re-opening. 39 percent have no target date for re-opening.

- Top 4 Barriers to Reopening: (1) customers unlikely to attend, (2) government restrictions/guidelines, (3) staff/board do not feel it is yet safe, and (4) impractical to produce art product in current environment.

2. Impact on Artist/Creative Workers

Artists/creatives are among the most severely affected workers by the pandemic. 63 percent have become fully unemployed. They expect to lose an average of \$22,000 each in creativity-based income in 2020 (\$50.6 billion, nationally). Findings are based on 30,000 survey responses. (*Survey.Dashboard*)

- 95 percent report loss of income.
- 79 percent experienced a decrease in creative work that generated income (62 percent “drastic decrease”).
- 67 percent are unable to access the supplies, resources, spaces, or people necessary for creative work.
- 78 percent have no post-pandemic financial recovery plan.
- Black, Indigenous, artists of color (BIPOC) have higher rates of unemployment than white artists due to the pandemic (69 percent vs. 60 percent) and expect to lose a larger percentage of their 2020 income (61 percent vs. 56 percent).
- Top 3 Needs for Artists: unemployment insurance, food/housing assistance, forgivable business loans.

Senator MORAN. Mr. Fay, thank you. Very well spoken.

In my isolation in my basement on the weekends, the Smithsonian channel has been doing Aerial America and recently focused on Hartford, Connecticut. Assuming I can get your Senator to invite me to Hartford, I would be glad to come see one of your performances as soon as that is possible.

Senator BLUMENTHAL. You are invited, Mr. Chairman.

Senator MORAN. Thank you, Mr. Ranking Member.

Let me see. Senator Blumenthal, would you like to—Mr. Fay was our first witness. Would you like to follow him?

STATEMENT OF HON. RICHARD BLUMENTHAL, U.S. SENATOR FROM CONNECTICUT

Senator BLUMENTHAL. I would be delighted.

And first, thank you to David Fay, a hero of many of us who revere Connecticut’s stages and venues.

And thank you to you, Mr. Chairman, for convening this hearing. Senator Klobuchar is here. She has been a leading cosponsor of the Save Our Stages Act as she has been on so many efforts to aid small business.

I want to thank all of the participants who are here today on this really critically important legislation. Our cultural institutions are really the lifeblood of our democracy. They distinguish us as a democracy, as a country. They are examples of our cultural heritage and treasure, and we ignore their needs at our grave peril.

I am so glad to have heard Mr. Fay’s very eloquent and powerful remarks, and I am going to take the transcript with me all around Connecticut and to my colleagues. Over the past months, in fact, I have heard from theaters and stages across Connecticut, as well as the country, who are facing life and death decisions and struggling to keep the lights on, literally.

In September, I visited the Palace Theater, a 1,600 performing arts institution, that has been a cultural center for Stamford, my hometown, for nearly a century. In normal times, the Palace The-

ater would be hosting the Nutcracker ballet to a sold-out audience, and now like much of our lives, the ballet is broadcast online.

In Fairfield, the Fairfield Theater Company turned initially to live stream shows. They have recently reopened for the first time since March, but with barriers between the stage and the audience, literally physical barriers that severely reduce capacity to accommodate distancing. This kind of limited performance is not sustainable. I have been to The Bushnell, Mr. Fay's great institution, the Warner, the Schubert, as well as Long Wharf in New Haven, and I have seen for myself the limits that have been applied.

I think we need, for the sake of the employees of these great institutions, for the sake of the economic institutions that depend on them, whether they are small businesses like retailers or restaurants that depend on people coming downtown—they are great sources of economic driving impetus as well as cultural heritage.

I am proud to be a cosponsor of the Save Our Stages Act, which has been introduced by Senator Klobuchar. This legislation would authorize grants for theaters like The Bushnell to help cover payroll and operating costs, including personal protective equipment, and as well, the RESTART Act, which is so important also to small businesses. We are now approaching a critical point when we must save our stages and our small businesses that are hanging by a thread. For the sake of the businesses in their proximity who depend on them whether they are places to eat or venues to shop, for the sake of the employees who work there, the actors, as well as the stagehands and the lighting assistants, for the sake of our cultural heritage and the great treasures of enjoyment, for the sake of our families that come there to be together and friends and neighbors who regard them as social centers, as well as artistic gems, we should pass this measure. And I am very grateful to all of our witnesses today for providing the intellectual ammunition that we will need to convince our colleagues to include this step in the compromised rescue package now under negotiation. It is in that package now and hopefully it will remain there.

And, Mr. Chairman, thank you for bringing us together.

Senator MORAN. Senator Blumenthal, thank you very much.

Our second witness is Mr. Adam Hartke. He is the Owner of the Cotillion and Wave in Wichita, Kansas. Mr. Hartke, fellow Kansan, welcome to our subcommittee hearing, and I look forward to your testimony.

**STATEMENT OF ADAM HARTKE, CO-OWNER—WAVE &
THE COTILLION; ADVOCACY COMMITTEE CO-CHAIR—
NATIONAL INDEPENDENT VENUE ASSOCIATION (NIVA)**

Mr. HARTKE. Thank you. Good morning, Chairman Moran and Ranking Member Blumenthal and distinguished members of this Committee. Thank you for inviting me to testify.

We are here because we urgently need your help. My wife and I are small business people. We co-own two live music venues in Wichita, Kansas, Wave and Cotillion. I also serve as advocacy committee Co-Chair for the National Independent Venue Association, a coalition of nearly 3,000 independent music venues and promoters in all 50 states and D.C.

My early aspirations came from stories of my grandparents working shows at The Cotillion in the 1960s. My grandfather helped manage the facility and my grandmother worked the box office.

After attending Kansas University, I took a job as a stagehand with IATSE Local 190. I could not afford a car, so I would catch rides with the union business agent who would always make sure I could get to work.

In the following decade, I became operations and promotions director at the Orpheum Theater and later as operations director at Wichita Festivals, producer of River Fest. There I shared a common experience with my father who helped set up the infrastructure of the first River Fest in 1970 in his role as a laborer with the parks department.

In 2018, I became Co-Owner of The Cotillion where my grandparents had worked 60 years ago. My mother still has memories of babysitting her four younger siblings on nights my grandparents worked shows. Becoming a co-owner of The Cotillion was the realization of not only my dream but it seemed to be the realization of the dreams of numerous generations of those within my family.

In 2018, I realized another dream: to design and build a large outdoor venue. This idea started with a drawing I did on graph paper, and the next year Wave was built and opened with my wife Jessie and me at the helm of its operations.

In 2019, business blossomed. We pushed more events through The Cotillion, and Wave quickly became a favorite destination for concert goers. Both venues drove tourism and our local economy, drawing visitors from all 50 states. By the end of 2019, we were projecting 2020 to be our best year on record. In preparation for the new year, we made large capital investments in both venues. The beginning of 2020 showed increased revenues. Then on March 13, in response to the COVID-19 pandemic, our businesses were mandated closed. Operations ceased. We scrambled to understand the impact this would have on our industry and our community as a whole.

Our employees are our family, many of whom I worked with in IATSE. We eat together, sweat together, bleed together, smile together, and cry together. They were our first concern, and we quickly created a plan to pay our core staff crisis pay while shuttered. We then assessed hard costs. "Gutted" is the only word that truly reflects how we felt in this moment.

We received PPP assistance, and the funds were used as originally stipulated with 75 percent going to payroll. These funds ran out in June, and since then, most of our employees have been furloughed or laid off. The amount of PPP, 2.5 times payroll, was not sufficient for an industry with 100 percent of its core bills, 95-plus percent revenue loss, and we will be fully shuttered for 18 months. With PPP, we were able to pay about 8 weeks of payroll and about half a month of core bills.

We also received EIDL loans. Once again, the amount of these loans were insufficient, and within 3 months, the funds were depleted. This is now a debt we have to pay off for the next 30 years.

Many of us have personal guarantees on our businesses. Without help, we could lose our homes. Our children will not be provided for, and everything we have worked for will vanish. A survey of

NIVA members shows that 90 percent of mom and pop venues will go under without assistance. These are the same venues that a 2019 study showed generate \$12 of economic activity for every dollar spent on a concert ticket at a small venue.

Unlike many industries, we rely on a national reopening before we can resume operations, as the artists have to tour across the country. In other words, we have no inventory until artists begin to tour again. These are the same artists that recently sent Congress a letter on NIVA's behalf with over 600 artists' signatures supporting our request for help. To date, we have had more 2.1 million e-mails sent to Congress from our fans pleading to save our stages.

We are asking Congress to pass the Save Our Stages Act and an extension of PUA and FPUC as part of the next COVID relief bill this week. This is what will save us. Time is of the essence. After 9 months, venues are going under at a quickening pace. We desperately need help now.

On December 7 of 2020, The Cotillion celebrated its 60th year of continued operation while our historic venue sat shuttered. Our biggest fear is that we will have to close our doors forever and the institutions, for which we have sacrificed so much, will be destroyed. We are sitting before you pleading with Congress to help those like us. Please do not let the music die. Please save our stages so our small family business can survive and maybe some day my 7-year-old son Henry will take over and the music will be passed on for generations to come.

We thank Senator Cornyn, Senator Klobuchar, Senator Moran, Senator Blumenthal, and other committee members for their support on the Save Our Stages Act and our industry as a whole. Thank you.

[The prepared statement of Mr. Hartke follows:]

PREPARED STATEMENT OF ADAM HARTKE, CO-OWNER—WAVE & THE COTILLION;
ADVOCACY COMMITTEE CO-CHAIR—NATIONAL INDEPENDENT VENUE ASSOCIATION
(NIVA)

Good morning Chairman Moran, Ranking Member Blumenthal, and distinguished members of this committee. Thank you for inviting me to testify. My wife and I are small business people who co-own two live music venues in Wichita, Kansas, Wave and The Cotillion. I also serve as advocacy committee Co-Chair for the National Independent Venue Association (NIVA), a coalition of nearly 3,000 independent music venues and promoters in all 50 states and DC that formed as a response to the pandemic. My career in the live music industry began 20 years ago, as a student at Kansas University (KU) and a member of the promotions staff at the student run radio station KJHK, hanging posters, working merchandise tables at shows, and helping bands carry gear. My early aspirations came from hearing stories of my grandparents working shows at The Cotillion Ballroom in Wichita in the 1960s. My grandfather helped manage the facility, and my grandmother worked the box office.

My uncle, who worked on the artist management and label side of the music industry for 45 years, also captured my attention as a child and seeded my future career. In the years following my time at KU, I moved back to Wichita with the goal of creating a thriving live music industry in my hometown. At that time there was little opportunity for a kid without resources and capital. I found myself doing small DIY shows, sleeping in a makeshift recording studio I had set up in an old musty office space I was renting, and cooking ramen on a space heater. Luckily, I found support through my colleagues and friends in the industry and landed a job with IATSE local 190 working load ins/outs, and jumping at every chance offered when the phone rang. I was broke and couldn't afford a car, so I would catch a ride to the venue with the Union Business Agent, who took a liking to me and would always make sure I could get to work. Most of my friends and family told me to forget

about doing shows and just go get a “real job.” But I felt I was making progress, even though it seemed slow to those watching from the sidelines.

The following decade I continued to work diligently. I found myself a job as operations & promotions director at the Wichita Orpheum Theater, and later as operations director at Wichita Festivals Inc, which produces the Wichita River Festival. At Wichita Festivals I shared a common experience with my father, who helped set up the infrastructure of the very first Wichita Riverfest in 1970 through his job as a laborer within the parks department. Live music has always been an integral part of our family dynamic. From my parents traveling to the Denver Pop Festival in 1969 on their honeymoon to see Jimi Hendrix, Creedence Clearwater Revival, and Frank Zappa, to the hundreds of shows they took me to as a child. Some of my earliest memories stem from the joy I felt when attending shows with my parents. And then, in 2018, I became a co-owner of The Cotillion, where my grandparents had worked nearly 60 years ago. My mother still has memories of babysitting her 4 younger siblings on nights my grandparents had to work shows. Becoming a co-owner of the Cotillion was the realization of not only my dream, but it seemed to be the realization of the dreams of numerous generations of those within my family.

In 2018, I also realized another dream of mine, to design and build a large outdoor venue in downtown Wichita. This idea started with a drawing I did on graph paper, and the next year Wave was built and opened with my wife Jessie and me at the helm of its operations.

In 2019, both businesses blossomed. We pushed more events through The Cotillion than previous years and Wave quickly became a favorite destination for concert goers from all over the region. Both venues brought visitors from all 50 states, increasing tourism in Kansas and driving our local economy. We also expanded the cultural offerings within Wichita, taking big risks on shows that typically would not play our market. While these shows were not always financially successful, they had a huge impact on the overall morale of our city. We found we were in line with the Chicago Loop study that shows for every \$1 spent on a concert ticket at a small venue, \$12 of economic activity is generated for local businesses.

By the end of 2019, we were projecting 2020 to be our best year on record, and our community was set to reap the benefits. We made facility improvements at The Cotillion to make the experience more enjoyable for artists as well as the customers. At Wave, we built an upper deck that would expand the capacity of our outdoor space, create a unique show experience, and further increase the economic benefit of our venue to Kansas.

The beginning of 2020 was going well. Revenues were up at both venues. Our facility improvements were completed, having invested a lot of capital in preparation for a very busy year. Then, on March 13, in response to the COVID-19 pandemic, our venues were mandated closed by Sedgwick County. All operations ceased as we scrambled to understand the impact this would have on our industry.

Our employees are our family. Many of whom I worked with in IATSE or during my DIY promotion days. We eat together, sweat together, bleed together, smile together, and cry together. The first concern I had was what we could do to help our employees through this if it lasts. We quickly created a plan to pay our core employees crisis pay while we were shuttered. I then looked at the hard costs of utilities, rent/mortgage, insurance, licensing, and all the other expenses we would still be responsible for paying. Gutted is the only word I can think of that truly reflects the feeling my wife Jessie and I had when projecting our finances through 2020. Not only would the business’ survival rely on furloughing or laying off our employees, but all of our reserves and liquidity would completely dry up within 6–9 months. We quickly realized, much to our horror, that without help, we would not make it through this crisis. Our dreams were shattering in front of our eyes. Through no fault of our own, we had to tell our employees that we could not continue to pay them. We faced the looming disaster of our personal guarantees on the business being called out, which in turn made it entirely possible that we would lose our home, our son would not have a roof over his head, and we would lose everything.

Both of our venues received PPP assistance, but that ran out in early June; the funds were used as intended with 75 percent going to payroll. Since then, most of our employees have been furloughed or laid off, and we’ve done our best to help them navigate the pandemic unemployment assistance (PUA) program. Many of our employees have been with us for many years, or decades, and have been trained to a point where they are some of the best in the industry. In smaller markets, like Wichita, one of our biggest fears is that we will lose these highly trained professionals to other industries, or even worse to other communities. The restrictions on PPP also made it impossible to pay our bills in full, and the fact that we are fully shuttered with no work for our employees to do, further complicated our situation. Lastly, the amount of PPP, 2.5X payroll, wasn’t sufficient for an industry that has

95 percent+ revenue loss, and has been fully shuttered now for nearly 9 months, with likely another 9 months of being fully shuttered ahead of us. With PPP we were able to pay 8 weeks of payroll, and about half of a month of core bills.

Beyond PPP, our venues received assistance from EIDL loans. Once again the amount of the EIDL loans did not cover the extent of impact this crisis has had on our industry and within 3 months these funds were depleted. This is now a debt we will be paying off for the next 30 years. We are expecting to be closed for a total of at least 18 months, with no revenue, but still shouldering 100 percent of our core bills. We also fear that once we are able to reopen, we will face a recovery period of at least 6–18 months in which our revenues will be drastically reduced due to social distancing measures and capacity restrictions. Our business model relies on our ability to sell a minimum of about 80 percent of our total capacities, so operating at anything less than that will automatically cause us to lose money. Coupled with additional costs incurred due to social distancing, extra cleaning, extra safety protocols, and the additional equipment needed to safely operate, it will be very difficult for us to simply break even. It is likely we will not realize our full revenue streams until 2023 or later, which puts us in a very volatile situation coming off of such a crippling closure.

Again, many of us have personal guarantees on our businesses. If we do not get the help we need, we will lose our homes, our children will not be provided for, and everything we have worked for will vanish before our eyes due to no fault of our own. A survey of NIVA members shows that 90 percent of mom & pop venues, venues like Wave and The Cotillion, will go under without Federal assistance. We have remained closed in the name of public health and safety, risking everything we have with no promise from anyone that we will receive further aid, only the hope that Congress will deliver for us.

But we have not simply been sitting at home hoping we'll get relief. NIVA formed shortly after the pandemic so that we could not only share tips and resources to navigate this new normal, but also to band together and fight for our survival, which has become our full-time job. And we've been glad to do this alongside and with support from others across the live event industry—from the artists to our workers to our vendors to our fans. We are very mindful of the ecosystem of the live entertainment industry as a whole.

Unlike many industries, we rely on a national reopening before we can resume operations, as the artists that play in Wichita have to tour across the country. In other words, we have no “inventory” until artists begin touring again. And due to inconsistencies in local mandates and restrictions on venues, artists are unable to route shows at this point. The booking and promoting process has a 3–6 month lead time on average, which adds an additional layer of complexity to our recovery period. Any seemingly small glitches like unexpected temporary closures or restrictions due to outbreaks, inconsistencies in local COVID related licensing policies, consumer confidence causing low ticket sales, or many other unknown circumstances will make navigating the national reopening much more difficult for our industry.

Our venues are the catalyst to many artists' careers. Without smaller stages for new artists to perform, we will see fewer superstars in the future, and in turn the entire industry will suffer. Recently, a letter was sent to Congress on NIVA's behalf with over 600 artists signatures supporting our request for help. Live events provide 75 percent of artists' income, and without independent stages, many artists will have no options of spaces to perform once this crisis is over.

Because of our focus on artists we have a strong alliance with the National Independent Talent Organization which represents hundreds of mom and pop talent agents and managers. We also have support from organizations like RIAA, A2IM, Recording Academy, Country Music Association, and Music Biz. Without these industry partners it would be nearly impossible for any of us to operate in isolation.

Beyond our industry partners, and those we do business with, our fans miss attending shows at our venues. One of the biggest signals that this crisis is behind us will be the ability to go to shows with your friends and loved ones once again. To date, we have had more than 2.1 million e-mails sent to Congress from our fans in support of the Save Our Stages Act.

We also have bipartisan support of 57 Senate cosponsors for the Save Our Stages Act, as well as 172 House cosponsors. The Save Our Stages Act has been in bills presented by Republicans, Democrats, and bipartisan groups.

What we are asking for is the passing of the Save Our Stages Act as written and an extension of PUA to take care of our employees until we can rehire them and resume operations. This is what will save the mom and pop venues across the country, and ensure we are there to once again be the anchors within our communities, and the overall live entertainment ecosystem within America.

The Save Our Stages Act (S. 4258/H.R. 7806) led by Senators John Cornyn (R-TX) and Amy Klobuchar (D-MN) and Representatives Peter Welch (D-VT) and Roger Williams (R-TX):

- *Ensures forgiveness and increases access:* This bill establishes a grant program for live venue operators, promoters, producers and talent representatives. By offering grants, forgiveness is ensured. In addition, grants increase access for business owners that may not have a relationship with banks. Finally, the bill extends eligibility to state and locally owned venues (like Red Rocks in Denver, CO) and non-profits that otherwise meet the eligibility requirements.
- *Doesn't penalize industries that rely on part-time employees:* Counts Full Time Employees as 1 employee and part-time employees as 1/2 an employee. Based on this definition, NIVA members have fewer than 250 FTEs.
- *Ensures sufficient funding to survive until reopening:* Rather than basing loan amount on payroll, grants are made to eligible recipients in an amount equal to 45 percent of gross earned revenue from 2019, with a cap of \$12 million.
- *Provides long-term support:* Provides supplemental grants to independent businesses that demonstrate continued need based on continued revenue loss. This is the only bill that recognizes venues will be closed well into 2021 and seeks to provide truly long-term support.
- *Ensures the ability to keep the lights on:* With no restrictions on percentage used for payroll versus other costs, the bill permits recipients to use grants for costs incurred during the COVID pandemic for rent, utilities, mortgage obligations, PPE procurement, payments to contractors, regular maintenance, administrative costs, taxes, operating leases, and capital expenditures related to meeting state, local, or Federal social distancing guidelines.

Make no mistake, time is of the essence. After 9 months, venues are going under at a quickening pace. We desperately need help now, not next month or the month after. We need Congress to pass the next Covid Relief bill this week.

On Dec 7 of 2020, The Cotillion celebrated its 60th year of continued operation. Instead of a big show and a week-long celebration, the historic venue sat empty and shuttered for the first time. Jessie and I sat at home, as did our employees, wanting nothing more than to be back at work surrounded by the ones we love doing the thing we are most passionate about. Our biggest fear, and I think I can say with confidence that this is a collective fear of thousands across the country, is that we will have to close our doors forever and the institutions for which we have sacrificed so much will be destroyed after weathering so many hard times throughout history. We are a small family business, and have always hoped we would persevere for generations to come. We are now pleading with Congress to help those like us, don't let the music die, and please save our stages. With your help we can survive this, our small family business will survive and maybe someday my son Hank will take over and the music will be passed on for generations to come.

Senator MORAN. Mr. Hartke, thank you for your compelling testimony. And, I too, hope your son is capable of carrying on the family business.

We now turn to our third witness, Mr. Ron Laffitte. He is the President of Patriot Management in Los Angeles, California. Mr. Laffitte.

STATEMENT OF RON LAFFITTE, PRESIDENT, PATRIOT MANAGEMENT

Mr. LAFFITTE. Chairman Moran, Ranking Member Blumenthal, and other distinguished members of this subcommittee, thank you for the opportunity to appear before you today for this important hearing on the impact COVID-19 has had on the live entertainment industry.

My name is Ron Laffitte, and I am the President of Patriot Management, an artist management company owned by Live Nation. Patriot represents over 45 artists, record producers, and songwriters, including Pharrell Williams, Ryan Tedder and his band, One Republic, the Backstreet Boys, and Usher.

I have been a part of the music business since I was 14. I started helping local bands by doing things like selling T-shirts and making flyers. Fortunately, for me one of those bands was Metallica. I was able to turn that opportunity into a career. Instead of going to college, I went on tour. That was my education.

Since then, I have had the privilege of managing many bands, running a record company, and ultimately coming back to doing what I love the most, representing the artists as their manager. Before any of this, I was a music fan and I still am. From the beginning, you could always find me in front of the stage somewhere as an obsessed fan. That obsession has become my life. Most of my closest friends are people I have grown up with in this business, people I met on the road, those who promote the shows, those who work in the venues, and those who manage and staff these tours.

My story is not unique. A concert is more than an opportunity to just listen to music. It is a shared experience that creates and requires a community.

There are many aspects of the COVID-19 pandemic that make it an unparalleled tragedy: the lives lost, the jobs destroyed, and the social isolation. Our industry has been deeply and profoundly affected by this crisis. The pandemic has brought concerts and the vast economic ecosystem that supports those concerts and all other live events to a screeching halt.

This ecosystem starts with the artists creating their music in bedrooms or garages with a dream of one day performing in front of a live audience that

[inaudible] their own. Artists are feeling the pain of this pandemic personally and professionally. They miss performing live for their fans but they also feel responsible for the thousands of people who help make these concerts and tours happen.

As you all know, the live entertainment industry in the United States is massive, with thousands of people who make each tour and concert possible, including the road crews, the venue personnel, and the concession staff. But when you consider the economic impact of the live entertainment ecosystem, it goes far beyond just these professions. It impacts many local and regional economies. That includes the hotels where the performers, crews, and fans stay, the restaurants where they eat, and the transportation we use to attend these events.

When the pandemic struck in the United States, live entertainment jobs disappeared overnight, jobs that will not return until we have conquered this virus. Everyone employed in this industry is hurting, whether they have been small towns or the big cities, whether they work in independent venues like the ones Adam talked about, or the biggest arenas. No venue has been immune from the impact of this crisis.

It is critical that Congress include comprehensive relief for the entertainment industry in the next COVID-19 legislative package. We were one of the first industries to bear the brunt of this pandemic, and we will likely be one of the last to get back to normal. This relief should help every venue and every professional working in the live entertainment space until this crisis ends.

The pandemic's economic impact on our industry is staggering. Ninety-five percent of all events in 2020 have either been canceled

or postponed, with 77 percent of workers having lost 100 percent of their income. In addition, 97 percent of contract workers, the backup bands, sound mixers, lighting companies, et cetera—everyone has been out of work since March, and unlike restaurants or airlines that can operate at a reduced capacity, live entertainment is largely an all-or-nothing proposition.

There are two specific ways Congress can help.

First, all live event workers are hurting regardless of their employer. Any relief for our industry should focus on the employees and the contractors. Grants and loans should be used for payroll and made available to all venues with less than 5,000 seats, as well as all public venues. Save Our Stages is a great start, but we can do so much more. All venue employees need your help.

Second, Congress needs to extend the retention tax credits. With these credits, workers still employed can maintain employment until shows return and furloughed employees can continue to receive their employer-sponsored health care.

Thank you again for this opportunity to testify. I appreciate this subcommittee drawing attention to the plight of the live entertainment business, especially our workers.

I look forward to answering your questions.

[The prepared statement of Mr. Laffitte follows:]

PREPARED STATEMENT OF RON LAFFITTE, PRESIDENT, PATRIOT MANAGEMENT

Chairman Moran, Ranking Member Blumenthal, and other distinguished Members of this Subcommittee, thank you for the opportunity to appear before you today for this important and timely hearing examining the impact of COVID-19 on the live entertainment industry. My name is Ron Laffitte, and I am the President of Patriot Management.

Patriot Management represents over 45 artists, producers and songwriters, including Pharrell Williams, Ryan Tedder, The Backstreet Boys, and Usher. I also spent more than 10 years as a record label executive as GM of Elektra Records and President of Capitol Records, where I had the privilege of working with numerous iconic acts, including Coldplay and Radiohead.

Music plays a profound and intangible role in our lives. Music evokes a vast array of emotions—and live entertainment is one of the most powerful and important ways to experience it. Live entertainment is where we gather with friends and loved ones to experience the music that stirs our emotions and the events that become life-long memories. These experiences also have the ability to be a great equalizer, uniting people from all ages, walks of life, and backgrounds as one community.

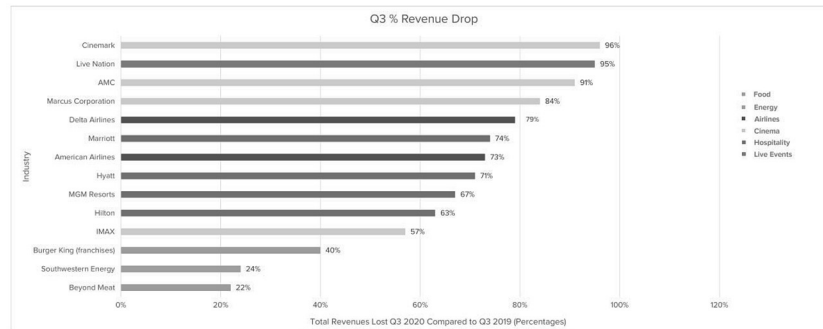
There are many aspects of the COVID-19 Pandemic that make it an unparalleled tragedy—the lives lost, the jobs destroyed, the social isolation inflicted, and the educational opportunities missed. No industry has been more deeply and profoundly crippled by this crisis than live entertainment.

The pandemic has brought concerts, and the vast economic ecosystem that supports concerts and other live entertainment events, to a screeching halt. In addition to the economic impact of the shutdown, the isolation and despair that has made this pandemic so difficult for many is amplified as millions of fans are missing the connection, community, and culture these events provide.

Restrictions on mass gatherings, to rightly protect public health, have caused numerous live entertainment events to be cancelled or postponed, resulting in a sharp contraction in live entertainment revenue. Live music in the United States generated \$10.9 billion in 2019,¹ revenues that largely disappeared in 2020. PWC estimates that live music revenue will contract 64 percent globally in 2020.²

¹PwC, *Global Entertainment & Media Outlook, 2020–2024: Music, Radio, and Podcasts*, 15, Sept. 2020.

²*Id.*



How big is the economic impact? The United States is home to the world's biggest music market.³ The music industry added \$143 billion annually in value to the U.S. economy in 2016 and created 1.9 million jobs across a broad swathe of vocations.⁴

What is the live entertainment ecosystem in the United States? This ecosystem starts with artists creating music in their bedrooms or garages with the dream of one day performing in front of a live audience. Artists feel the pain of the pandemic personally and professionally. They miss performing live for fans. They miss the joy of telling a story through music. But, most importantly, they feel responsible for the thousands of people who help make concerts and tours happen.

The live entertainment ecosystem is comprised of more than 80,000 businesses, including businesses of promoters, agents, managers, performers and artists. Most artists also have small businesses setup to employ tour managers, production managers, lighting directors, audio engineers, bus drivers, and other individuals critical to the artist's execution of a live event. There are also the hundreds of people working behind the scenes to make a tour and concert successful from a venue's perspective, including stage and sound crews, truck drivers, electricians, welders, security officers, ushers, ticket takers as well as employees who operate food and beverage concessions and sell merchandise.

Much of the workforce involved in putting on a live event of any size are highly skilled in their craft. Lighting technicians, sound engineers and stage designers and builders, among so many others, spend years honing their expertise to deliver memorable events under circumstances that can be taxing for people physically and personally as they live much of life on the road.

But when you consider the economic impact of the live entertainment ecosystem, it goes far beyond these professions, and implicates many local and regional economies. It includes hotels where performers, crews, and fans stay, restaurants at which they eat, and transportation they use to attend an event and haul equipment from one city to another. All of these industries suffer when live entertainment does not exist.

When the pandemic struck the United States, live entertainment jobs disappeared overnight, jobs that will not return until we have conquered the virus. I implore Congress to help us protect and preserve this ecosystem during these challenging times. No venue, vendor, artist or live entertainment worker has been immune from the impact of this crisis, whether they live in small towns or large cities, or work at small venues or large arenas. Live entertainment workers can be full-time or part-time, part of a tour or part of a city's base of skilled workers that bring sets, stages, and venues to life.

I strongly urge Congress to include relief for the live entertainment industry in the next COVID-19 legislative package. We were one of the first industries to bear the brunt of the pandemic, and we will be one of last to get back to normal. This relief should help every venue, company and professional involved in the live entertainment ecosystem stay afloat until this crisis abates.

This is a sector which will see demand return at rates of 2019 or more once the virus is contained. I would ask Congress to help us ensure the supply chain is in place and strong enough to meet this demand when it returns. Businesses such as live entertainment will be critical in fueling the United States' economic recovery.

³Stephen E. Siwek, Economists Incorporated, *The U.S. Music Industries: Jobs & Benefits*, Recording Industry Association of America, 5, April 2018.

⁴*Id.*

Many performers feel as isolated from their fans as their fans do from them. They cannot wait to go back on tour to bring joy and a sense of togetherness to millions of fans. And once they do, crews and communities across our Nation will once again tap into the economic output of live entertainment. Congress needs to help bridge the gap until that can occur.

As an industry, we are all hurting. And unlike restaurants or airlines that can operate at reduced capacity, live entertainment is largely an all or nothing proposition. The pandemic's economic impact on our industry is staggering: 95 percent of all events in 2020 have been cancelled or postponed and 77 percent of workers have lost 100 percent of their income. In addition, 97 percent of contract workers (back-up bands, sound mixers, bus drivers, lighting companies, etc.) have been out of work since March.

There are three specific ways Congress can help the live entertainment industry. First, expand the Save Our Stages legislation to provide relief to more venues, including any venue with less than 5,000 seats as well as all publicly owned venues. The employees of these venues and the vendor ecosystem they support need your help just as much as those employed and supported by the subset of venues in the current draft bill. And these venues are essential places of work not just for employees, but for contractors. They need access to grants until mass gatherings can resume safely.

Second, Congress needs to extend employee retention tax credits. With these credits, workers still employed can maintain employment until shows return and furloughed employees can continue to receive their employer-sponsored healthcare. Maintaining employment arrangements will limit having additional live entertainment industry workers pushed into unemployment, which will ultimately allow a quicker economic recovery and lower long-term worker dislocation within the industry.

Third, I urge you to pass the Mixed Earner Pandemic Unemployment Assistance Act (H.R. 7691) to address unnecessary burdens when filing for unemployment faced by gig musicians with multiple employment streams.

Thank you again for the opportunity to testify at this important hearing. I greatly appreciate this subcommittee drawing attention to the plight of the live entertainment industry and live entertainment workers caused by the pandemic. I look forward to answering your questions and working with you to support the sector, and the workforce, I regard as family.

Senator MORAN. Mr. Laffitte, thank you very much.

Now Mr. Pantuso, President and Chief Executive Officer of the American Bus Association.

STATEMENT OF PETER J. PANTUSO, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AMERICAN BUS ASSOCIATION

Mr. PANTUSO. Chairman Moran, Ranking Member Blumenthal, members of the Committee, thank you very, very much for giving us the opportunity to testify today.

Our message is unique. We represent bus companies that bring entertainers and bring fans to the venues and events.

There are three key points I would like to make today.

First, the entertainer motorcoach industry, like the entire motorcoach industry, is in dire shape. They need a lifeline. Without one, 40 to 50 percent of the industry could be out of business by 2021. The industry is an essential part of America's transportation network. It is very capital-intensive with high fixed costs, and it has a very specialized workforce.

The Emergency Coronavirus Relief Act of 2020, which includes the CERTS Act that most of this committee has sponsored or supported, is critical to our survival.

ABA's motorcoach members represent private, mostly small businesses, including the entertainer motorcoach operators, and we also support the travel and tourism industry around the country. The motorcoach industry provides nearly 600 million passenger trips

annually, on par with U.S. commercial airlines. 3,000 U.S. motorcoach companies employ approximately 100,000 individuals and generate \$15 billion in revenue. But they also support 2 million additional jobs around the country and create over \$200 billion in economic activity.

Today the industry is operating at about 10 percent of 2019 levels. 85,000 of our workers are unemployed, and the path to recovery is another 12 to 24 months away. Without any direct financial support, up to 50 percent of these businesses could close forever, meaning their employees will be out of work permanently.

The live entertainment performances include advance preparation, onsite activities, and post-event activities, and motorcoaches play a critical role at every juncture. The entertainer motorcoach vehicles are built to serve the essential and unique transportation needs of entertainers, celebrities, and their crews. But they also serve politicians, the media, and other specialized customers. These vehicles carry people and equipment for ground-based tours. They are designed to include sleeping, meeting, and culinary support facilities. They get celebrities to the event, serve as a support vehicle onsite, and then get them to the next event.

Traditional motorcoach companies also play a very important role in the entertainment industry by bringing fans to the events and venues. All motorcoach companies are a vital component of this nation's transportation network. They provide inter-city scheduled bus, commuter services, school transportation, charters, and entertainment services. The industry also serves the country in times of crisis, moving people out of harm's way during hurricanes and wildfires, and moving the military and their equipment for training and deployment. Earlier this year, FEMA and State emergency management agencies hired entertainer motorcoaches to house emergency response personnel during many of the evacuations and hurricane relief efforts in the Gulf region.

COVID is also having a significant impact on the motorcoach manufacturing and downstream suppliers. In previous years, up to 1,500 new motorcoaches, valued at a cost of over \$500,000 each, were sold in the U.S. Now production and sales of new motorcoaches to the private sector have all but stopped. The impact of hundreds of good paying manufacturing jobs and thousands of workers who supply engines and tires, seats, electronics, and hundreds of other components are affected, and this impact will last for years.

On top of this, the value of motorcoaches has dropped by as much as 50 percent, making it impossible to sell used coaches or trade them in, severely limiting the abilities of motorcoach operators and owners to borrow money to keep their businesses afloat.

In conclusion, Mr. Chairman, we appreciate your leadership in identifying the entertainer motorcoach segment and the entire industry since it has been overlooked for a long time and it is a critical element of our nation's transportation network. We urge you and your colleagues to pass the Emergency Coronavirus Relief Act of 2020, which includes the provisions of the CERTS Act, when it comes before Congress this week. Thank you very much.

[The prepared statement of Mr. Pantuso follows:]

PREPARED STATEMENT OF PETER J. PANTUSO, PRESIDENT AND CEO,
AMERICAN BUS ASSOCIATION

Chairman Moran, Ranking Member Blumenthal, and distinguished members of the Subcommittee: on behalf of the American Bus Association (ABA) thank you for calling today's critical hearing regarding the live event entertainment industry and the impacts affecting the industry as a result of the ongoing COVID-19 pandemic.

My name is Peter Pantuso, and I am the President and CEO of the American Bus Association in Washington, DC. As CEO, I am responsible for the Association's day-to-day operations, including policy development, government and regulatory affairs activities, membership, communications and marketing, meetings and conventions, finances, and publishing. In addition to my role at ABA, I also serve as President of the National Bus Traffic Association and the ABA Foundation.

ABA has grown to become North America's leading and largest motorcoach, group tour, and travel association, and serves as the oldest and most respected voice of this industry. In addition to representing 800 motorcoach companies and 65 percent of all motorcoaches on the road, the ABA also represents more than 2,500 businesses in the tour and travel industry (those who rely on motorcoaches to bring business to their communities, including retail businesses, convention centers, hotels, restaurants, entertainment venues, and other attractions), along with motorcoach manufacturers and suppliers. The ABA has also expanded the breadth and inclusiveness of the industry by bringing management services to other organizations, including Skat International—USA and the Florida Motorcoach Association and creating the Hispanic Motorcoach Council, Entertainer Motorcoach Council and the Women in Buses Council, among others. The ABA also offers safety educational opportunities to the motorcoach industry by creating the Bus Industry Safety Council and Bus Maintenance and Repair Council. The ABA Foundation has evolved into an \$8 million organization that conducts critical motorcoach industry research and provides scholarships to support and promote the industry, workers and their families. Since its inception, the ABA Foundation has awarded over \$1 million in scholarships to nearly 400 individuals.

ABA's motorcoach members represent private motorcoach operators, including entertainer motorcoach manufacturers and operators, tour operations and all facets of small businesses supporting the tour and travel industry. More broadly, motorcoach companies are a vital component of the national public transportation network, providing intercity scheduled bus service, commuter and shuttle operations, school bus transportation, charter, and entertainment services, and in some cases contracted services for public transit authorities, airlines, and Amtrak. Annually, the motorcoach industry provides nearly 600 million passenger trips, on par with the domestic commercial airline industry. The industry is comprised of 3,000 companies, mostly small family-owned businesses, operating 36,000 motorcoaches. While motorcoach companies directly employ nearly 100,000 people and generate \$15 billion in economic activity, the motorcoach, tour, and travel industry supports nearly two million additional jobs across America and creates over \$236 billion in direct and indirect economic activity nationwide.

Before March 2020, the motorcoach, tour, and travel industry helped drive the tourism and transportation economy, and the charter sector was preparing for another strong tourist and entertainment season. However, with outbreak and spread of COVID-19, the industry came to a standstill. Motorcoach ridership dropped on all scheduled service routes as people stopped traveling between communities and cities, and commuter buses stopped carrying passengers as workers shifted to work from home and stopped commuting. All contracted trips for charter operations, including entertainment and sports related contracts were cancelled. As the summer proceeded, hope further faded as government directives and spiking health concerns forced anticipated concert tours and sporting events to be cancelled. For example, the NCAA's March Madness tournament was one of the first national sporting events to cancel at the beginning of the COVID-19 outbreak, impacting hundreds of motorcoach companies that would be moving teams and fans during that one-month march to the Final Four.

Today, the industry is operating at less than 10 percent of 2019 levels, with no clear path forward for a possible recovery, even factoring in the positive discussions surrounding vaccines. Lacking the support of any form of direct financial assistance, the motorcoach industry and specifically the entertainer motorcoach sector, face a dire situation. As this Committee examines the impact of COVID-19 on the live entertainment industry, we appreciate you identifying the motorcoach transportation industry as a supporting industry of the broader entertainment industry and including it in your examination. To date, our industry has been entirely overlooked in terms of its critical role in the Nation's transportation network and economic engine.

For purposes of this hearing, it is important to understand that a live entertainment performance or event is a multifaceted undertaking, that includes advance preparation, post-event activities, and the actual events. Within the scope of this undertaking, motorcoaches play a critical but sometimes understated role. First, there are entertainer coaches which serve the unique and necessary transportation needs of not only artists, entertainers, and other celebrities and their crews, as well as politicians, the media, and other specialized customers that rely on motorcoaches for their businesses. These vehicles carry people and equipment, for ground-based tours to various entertainment venues, political events, or other scheduled events, and provide sleeping, meeting, and culinary accommodations in an efficient manner. In terms of the larger entertainment industry, these vehicles play a critical role in advancing the event and post-event activities, facilitating the transportation of both the lead artist and the crew. Currently, there are 30 entertainer motorcoach companies nationwide, operating over 1,000 of these specialized vehicles. But, due to COVID-19, most of these vehicles are parked and providing zero revenue. A sad, but noteworthy outcome of this situation, is that during recent hurricanes in the gulf coast region hundreds of these coaches were put into service in the Lake Charles, LA area, and other parts of the gulf to support first responders by providing sleeping facilities and restrooms. If it were not for the horrible hurricane and wildfire season we experienced this year, where once again the motorcoach industry stepped up to help FEMA, these entertainer motorcoach operators, as well as other motorcoach companies around the country, would have been entirely out of work.

Many of these entertainer coach companies are also often considered second stage manufacturers and these companies are small, family-owned businesses, often multi-generational, that pride themselves on their unique niche in the motorcoach industry. Generally, they purchase a bus “shell” from an original equipment manufacturer and customize it to meet the needs of their customers. An average entertainer coach, depending on its configuration for the “star” or crew will accommodate up to 12 passengers. Over time and use, these coaches are often modified for reuse within the same industry, for the life of the vehicle.

In addition to entertainer motorcoaches serving the explicit travel needs of entertainers and others, the motorcoach industry also plays an important role in the entertainment industry by bringing fans and audiences to events and venues. As these vehicles generally seat 35 or more, and include a bathroom facility, they provide an opportune way for large groups to travel to widely attended events. It is not unusual within the motorcoach tour industry to offer entertainment events as part of a tour or larger tour package. But, like the entertainer motorcoaches, due to COVID-19 and the cancellation of tours, sports and entertainment events, this segment of the industry is almost entirely parked and has been for months, with no to limited expected recovery within the next 12 months—even with a smooth vaccine process.

In short, ABA and its members have been at the center of the COVID-19 “storm.” The cancellation of entertainment events, including concerts and tours, theatrical productions, sports schedules and more, compounded by broadly publicized warnings against using public modes of transportation, and government directives limiting movement, is taking a serious toll on the collective motorcoach industry. Because the motorcoach industry is dominated by small entrepreneurial businesses, 95 percent of which are privately owned family businesses who operate on very thin margins, it was not prepared to withstand this unprecedented, significant economic downturn. For comparison, the current situation is far worse than the downturn following the tragic events of September 11, 2001, and the industry’s condition continues to deteriorate as we head into the slow winter season for the industry. Following 9/11, although fear of travel was a factor, it was focused on air travel and travel to larger urban areas. Travel did continue by other modes and to other venues and it returned to “normal” in a much shorter period of time.

We are hearing daily from our members who are struggling to survive and are seeking a bridge to recovery, which at this point we believe is at least 12 to 24 months away. In the interim, we note that the Administration’s and Congress’s efforts to assist have fallen short for our industry. The motorcoach industry is a capital-intensive business with more than 60 percent of the costs tied to equipment, facilities, insurance, and other fixed costs that companies must continue to pay despite the lack of passengers and income. The Paycheck Protection Program (PPP), although well-intentioned, reached about 10–20 percent of our membership and only provided short-term assistance. The PPP money was quickly spent to bring employees back although there was no possible work, and the PPP program provided no relief from the burdens associated with the capital-intensive nature of the industry. The Main Street Lending Program, also well-intentioned, was delayed in implementation and the requirements are too steep for most struggling companies seeking a

lifeline for survival. At this point, targeted financial assistance to bridge the industry through this crisis is necessary for it to survive.

We need Congress to act and include the Coronavirus Economic Relief for Transportation Services Act or CERTS Act, or other direct financial assistance in a COVID-19 relief package before the end of the 116th Congress. As background, the CERTS Act provides direct relief for private motorcoach, school bus and passenger vessel industries and now has 59 bipartisan co-sponsors in the Senate (S. 4150), and over 270 bipartisan co-sponsors in the House (H.R. 7642), which is 60 percent of the entire Congress and more than any other relief bill that has been proposed—and both bills continue to gain support as members start comprehending the extreme circumstances facing the motorcoach industry. The supporters include bipartisan leaders in both chambers, including chairman and ranking members of appropriations and authorizing committees.

All sectors of the motorcoach industry provide vital transportation services to not only the entertainment industry, but to the larger national transportation network. The motorcoach industry also provides sustainable employment for hundreds of thousands of workers, both directly and indirectly. As well, One third of motorcoach companies provide critical school bus service, and those operations of our members have also been harmed by school districts refusing to pay contracts during school closures in the spring and continuing this fall.

The motorcoach industry also serves this country in times of crisis, moving people out of harm's way, such as evacuating citizens during hurricanes and wildfires, and serving as component of our national defense by moving our military and their equipment for training and deployment and protecting critical infrastructure. A robust motorcoach industry is an essential element to the recovery of the live entertainment industry, as well as the entire national economy. If this industry fails, the effects will be devastating. The industry's failure will exacerbate the unemployment burden and reduce transportation capacity nationwide, and will reach beyond the immediate industry to the related supply chains, affecting manufacturing, financial services, tourism and beyond. For these reasons, an immediate investment in bridging the motorcoach industry through this crisis will yield a more long-term and sustainable outcome for the national economy.

We need your leadership now and urge you to work with your colleagues in this body and the U.S. House of Representatives to negotiate another COVID-19 relief package with the inclusion of the CERTS Act. This legislation provides the direct economic assistance the motorcoach industry needs. The latest \$908 billion proposal offered by a bipartisan, bicameral group of members included \$8 billion in funding based on the CERTS Act language, and has broad support in both Chambers. The ABA strongly encourages members of this Subcommittee and all Senators and Members of Congress to pass a bipartisan package of this nature, that includes \$8 billion for these severely impacted industries including the motorcoach industry, before the end of this Congress.

Thank you again for the opportunity to testify today before this Subcommittee. In sum, we need Congress to provide dedicated funding for motorcoach, tour, and travel industry businesses. Timing is critical, and ABA stands ready to assist Congress and this Committee in any capacity.

Senator MORAN. Thank you, Mr. Pantuso.
Mr. Strickland.

**STATEMENT OF MICHAEL T. STRICKLAND, CHAIR
AND FOUNDER, BANDIT LITES**

Mr. STRICKLAND. Thank you. I would like to thank first Chairman Wicker, Chairman Moran, Ranking Member Senator Blumenthal, my own Senator, Ms. Marsha Blackburn, my Senator, Lamar Alexander, and all of the distinguished members of this committee for all that you have done and will do.

I am Michael T. Strickland, Founder and Chairman of Bandit Lites. We are an entertainment lighting company. And Senator Moran, to your point, Garth Brooks is one of my best friends and biggest customers, a great gentleman. But Garth Brooks, Jimmy Buffett, Alice Cooper, Barry Manilow, Carrie Underwood, the NFL, NASCAR—these people all count as my clients.

I am battling cleanup today because I have got my arms around the entire live event industry from buses and trucks to labor forces such as the IATSE, to catering people, to rodeos, to fairs. We are all shut. We are like a band of gypsies. We have no lobby and we have no PACs. We have no representation on the Hill. That is why I am sitting here today. That is what we do.

If you remember nothing today, remember the word “spurs,” spurs like in a cowboy.

S, shut. We have been shut since March 13. We will not be open until June or July at the earliest. Zero income. 97 percent of our industry is sitting dead in the water. We are an \$877 billion industry per the U.S. Bureau of Economic Analysis. There are 10-plus million people employed, as you have all so eloquently stated, across all of the different strata of this industry. We are all sitting dead still.

P, PPP. Thank you very much for the PPP you gave us in April. It ran out in June. The virus is still with us. That money is long gone. I urge you by this Friday in whatever it is that you pass, that you pass another round of PPP. That will allow all of the folks in the live event industry to get through January and February. That is crucial because hopefully in January and February we can effect a broader relief.

U, unemployment. I urge you to continue all the pandemic economic relief actions that you put forth in the wonderful CARES package back in April. That was a stunning decision. I applaud you for what you did. Please continue those at least through June to allow those people that are negatively impacted and need those pandemic relief funds made available to them.

RESTART, which is really why I am here. RESTART is the only vehicle that I have identified that holistically allows anyone that has been devastated to survive. In the case of our industry, our industry is at zero. In order to get a Main Street lending loan or, indeed, in order to get a commercial loan, you have to go before a lending institution, and you have to have three things: a strong balance sheet, a strong profit and loss statement, and an income stream. We have none of the above. There are \$595 billion sitting unused in the failed Main Street Lending Program. Certainly in the future, we could repurpose some amount of that to get that money to the people in the crushed small businesses.

I have spoken to Senator Todd Young who wrote it, and we realize it needs to be retooled. At the moment it was written, a 25 percent reduction in revenue was phenomenal. A year later, a 25 percent reduction in revenue is not so significant. I would urge you to retool it, up the amount of revenue loss, which narrows the bill which will give it a CBO score which will allow it to function within a bigger bill. But I know we can get there.

And the last part of this whole thing is S, Save Our Stages. I applaud you for the vision. Senator Klobuchar, Senator Cornyn, a wonderful job. That is Omaha Beach. It is D-Day for the live event business. We landed on Omaha Beach. You so graciously gave us Save Our Stages. We have got to go up the cliff and on to Paris. How do we get up the cliff and how do we get to Paris’ RESTART. That is the only vehicle that gets us there. Save Our Stages is a great first step. I urge you to pass it as soon as possible, but we

must go to the next step and we must have something like RE-START that will give us some amount of our income, 45 percent which is what is in RESTART, and it will convert to a 7-year loan which will allow us a path to recovery.

As I said, we have no lobby. We have no PAC. And to quote a friend and client of mine, Jackson Brown, we are running on empty. There are lives in the balance.

I urge you to assist small business in general, live events in particular, and pass RESTART and all of these other wonderful bills. Imagine a world with no arts and culture. That is a world with no live events. At Bandit Lites, we coined a word years ago called "humanomics." We make business decisions based on the human effect first and the business effect second. I urge you to look at the human effect as 10 million people are sitting idle.

Thank you.

[The prepared statement of Mr. Strickland follows:]

PREPARED STATEMENT OF MICHAEL T. STRICKLAND, CHAIR AND FOUNDER,
BANDIT LITES

Commerce Committee Chairman Wicker, Subcommittee Chairman Moran and Ranking Member Blumenthal, distinguished members of this Committee, I would like to thank you on behalf of myself and over ten million people in the Live Events Industry for affording us this opportunity to testify today.

I am Michael T. Strickland, Chair and Founder of Bandit Lites, a 52-year-old global leader in entertainment illumination. Garth Brooks, Jimmy Buffett, Alice Cooper, Carrie Underwood, Barry Manilow the NFL, NASCAR, Carnival Cruise Lines and over 300 others are part of our client base.

On March 13, 2020, the entire Live Event industry closed in a moment. Covid 19 was upon the world and large events were no longer possible and would not be until the virus was eradicated. Congress moved quickly to provide the CARES Act which included many things including the Payroll Protection Program.

By June 2020 all the PPP money was expended, but the virus continued. Most industries found ways to pivot, alter their methods, and learn to open and survive. Live Events could not open, as large crowds were still not possible. The issue before Live Events was purely medical and we understand that. Unless and until the vaccine is eradicated, Live Events cannot return.

As we sit before you, it has been nine months that the entire industry has earned zero income. Live Events cannot return to work until June 2021 at the earliest, and that is only if the vaccines are effective and we achieve herd immunity, which is not guaranteed. The return-to-work date may be even further away. Live Events is an \$877 billion dollar industry with over 10 million people per the U.S. Bureau of Economic Analysis. There are over 500,000 companies. Every company sits idle earning zero income. The 10 million plus people are either on unemployment or working in a different field, at a lower rate of pay.

The companies and the people in the Live Events Industry have only received 10 weeks of PPP, and nothing else. If Live events can return to work in June 2021 it will have been 15 months with no income aside from the original 10 weeks of PPP. Even if a second round of PPP is provided, that would be only 20 weeks of partial payroll to cover a 64-week period. This amount of money is not enough to remain open and pay employees.

Congress has worked tirelessly for months to deliver relief to the Nation and has done a great job in many areas. There is a still a segment of society that is at the brink of extinction, and that is the Live Events Industry. No other industry is 100 percent shut down and will be until June 2021. Live Events is the true industry that was the first to shut and will be the last to reopen.

Both the House and the Senate have suggested in various bills that the Save Our Stages Act be passed to save Americas important venues which are a part of the Live Entertainment Industry. I applaud you for this wisdom and urge you to pass this important piece of legislation as part of a relief package. However, Save Our Stages only provides funding for venues, managers, booking agents and promoters. This is 8 percent of the Live Events Industry. All other segments of the industry receive no support via Save Our Stages. Here is a partial list of companies and people still in need of funding: Artists, Actors, Performers, Sound, Lighting, Video, Py-

rotechnics, Lasers, Caterers, Rigging, Trucking, Bussing, Staging, Wardrobe, Designers, Dancers, Opera, Theaters, Festivals, Tours, Orchestras, Corporate Shows, Trade Shows, Conventions, Speakers, TV Studios and Stations, Radio Stations, Film, Theme Parks and attractions, Museums, Movie Theaters, Labor Companies, Free Lance workers, Circuses, Fairs, Rodeos, Water Shows, Freight, Drapes, Power, Radios, Manufacturers, and many others. We urge you to pass Save Our Stages, but to also save the rest of the Live Events Industry. All these industries need one another to survive. Venues will have no artists to play in them or people to staff the events without holistic industry funding. Please Save All Live Events.

We have already lost 30 percent of our companies, never to return. Over 20 percent of the people that have left the industry will never return. We lose more people and companies every day. If Congress does not pass additional PPP and Enhanced Unemployment in December, we will lose another 20 to 30 percent of the firms and people by the end of January. But that is only the start.

No firm and no person in Live Events qualify for a commercial loan. You must have a strong balance sheet, strong profit and loss statement and a viable income stream to borrow money. No company in the Live Event Industry qualifies, therefore they cannot secure a loan.

The only path that will save Live Events is the RESTART Act. RESTART will provide every firm 45 percent of 2019 income which will allow most firms to survive well into 2021. The portion spent on payroll and allowable expenses will be forgiven in the style of PPP. The balance will convert to a 7-year loan with no payments year one, interest only year two, and amortization years 3 through 7 at around 1 percent interest. This format allows companies to survive, gather cash, and repay the loan over 7 years. There is a \$12 million dollar limit per firm. Many venues, radios stations, TV stations, and not for profits are owned by or controlled under governmental agencies or municipalities. They all need relief as well, as they function as stand-alone entities with no source of income other than their Live Event revenue stream.

RESTART as written requires a 25 percent loss of income and is available for firms of less than 5,000 people. The CBO Score on this is \$700 to \$800 billion and is simply too costly. RESTART was written in May 2020, when a 25 percent reduction in revenue was significant. Now that we are one year into the pandemic 25 percent is simply a bad year.

RESTART must be written to save small businesses that have suffered loss of income over 50 percent and that have under 500 employees. This will CBO Score at around \$250 billion which is much more affordable. Much of this will be repaid as a loan.

Repurposing of \$200 billion dollars from the failed Main Street Lending Program will fund RESTART, and this money is already appropriated, thus it would require no new funding. There is also \$134.5 billion dollars sitting unused in the PPP fund. These two funds are more than sufficient to fund all small businesses with less than 500 employees (the Federal definition of a Small Business) with a loss of revenue of over 50 percent in 2020 compared to 2019.

The Live Event Industry is becoming extinct as we hold this hearing. Every day that passes, more people and firms fail. Unlike any other industry, 100 percent of Live Events is facing extinction now. If RESTART is not passed in January, the industry will cease to exist. Imagine a world without entertainment and events. The loss of arts and culture to our society will be a blow to us all.

Please save all the Live Events Industry as well as all other small businesses that are on the brink of extinction. Please pass RESTART in January.

Thank you very much for your time and attention. Thank you and Congress for all that you do for our great nation.

Senator MORAN. Mr. Strickland, thank you very much. Even in the absence of lobbyists, you perform very well in lobbying.

Mr. STRICKLAND. Thank you.

Senator MORAN. Thank you for your presence today.

Let me see if I can take a theme that I am interested in pursuing that resonated throughout all of the testimonies, the inability of the Paycheck Protection Program to solve the problem. And I heard Mr. Hartke say that it did not work in circumstances where there was virtually no revenue and it was too short-term in its duration.

Mr. Strickland, you talked about the Paycheck Protection Program and asked that it be reauthorized. I would ask all of our wit-

nesses, tell me what has been missing in the Paycheck Protection Program to meet your needs? Does a separate program, as some of you have testified, need to be addressed, need to be enacted, or what is it that the Paycheck Protection Program can do to make it—we can do to make it work better for all of your circumstances?

Mr. STRICKLAND. Thank you, Chairman. That is a great question.

The Paycheck Protection Program, when it was initiated, I think to Congress and, indeed, to most of us, myself included, seemed like that would be the answer because we all believed we would be back to work in June. The fact that it was only 10 weeks of income in retrospect was far too little. By the time we get back to work, it will be 74 weeks. So all we have received as small businesses is 10 weeks of payroll.

So I think the first issue would be the longevity of it. In a perfect world, this Friday you would pass a payroll protection plan that provided 36 to 48 weeks of PPP. I think that is a bit of a stretch. But just the shortness of it—because even now if you pass an additional round of PPP this Friday, that is 10 weeks. That is the last 2 weeks in December and January and February. The live event industry is not going to be back until the vaccine takes hold and we have herd immunity, and that is June, July, August, September. And that is simply payroll. So what do we do for the rest of the time? Ergo, RESTART.

Senator MORAN. Mr. Pantuso?

Mr. PANTUSO. Yes. Thank you, Mr. Chairman.

The PPP program had great intentions, and we appreciate that. We have a very valued and skilled workforce, so we want to bring them back. The reality is that we have no business. So when we brought people back for that 8 or 10-week period, they merely came and sat, collected the PPP monies and then left again and back on unemployment. All it really did was transfer the unemployment system from a State system or Federal system onto a private individual using Federal dollars for a period of time.

Our business is gone. As I said, 10 percent of the business is operating across the board. That is about all. And there will be no recovery for at least another 12 months. Until that time, there will not be an opportunity for people to come back and drive buses for the most part. We really need to keep the industry alive so that we can be a vibrant part of the transportation network, and to do that, we need to help the companies stay alive either with help covering their fixed costs or their capital costs or their interest payments that they are paying on a bus that is worth \$500,000 or \$600,000.

Senator MORAN. Any of our other witnesses wish to address that question?

Mr. HARTKE. Yes. Thank you, Chairman Moran. I will jump in with that.

You know, just to repeat what Pete just said, we have been fully shut for 9 months now with no work for our employees to do. Many, many, many venues across the country are completely out of funds. So the amount of PPP and the restrictions placed upon it will not save our industry. It will not save the venues. There are people that will completely go out of business with those restrictions.

So the Save Our Stages Act is targeted toward our industry specifically, and that is what is going to get us through this.

Senator MORAN. Let me ask a follow-up question with you, Mr. Hartke. The Paycheck Protection Program I think you highlight does not work well when there is little or no income. What about the restrictions on audiences, the size, the distancing, the percentage of capacity? Is it possible for the entertainment industry to operate at a smaller volume, fewer people in the audience and still earn a living?

Mr. HARTKE. So there are a couple things with that. Right now, no, absolutely not because there are no tours. We rely on a national reopening to get back to work. The artists that we book in Wichita, Kansas—they have to go through Denver or Dallas or Kansas City or another major market around us and have those connected across the country for them to get here. So we have no inventory. There are no artists touring right now.

Beyond that, we operate at about 70–80 percent to capacity ticket sales. So if we are opening at 30–40 percent capacity, we are losing money immediately. We actually tried that back in June. We opened briefly for about 3 weeks. We booked a bunch of local bands, and we lost more money being open than we did just in hibernation mode. So that bleeds us out quicker.

Now, at the end of this, we are going to have to open at a reduced capacity, but hopefully there is a better understanding of this virus. The restrictions are not, you know, ebb and flowing right now. We are back to restrictions of the max of 100 people in Sedgwick County for an event. So those were lifted and then reinstated and lifted and reinstated. So with a 3 to 6-month lead time it takes to book a touring act and promote it efficiently, there is no way to do that right now. So, yes, we are pretty stuck.

Senator MORAN. That unfortunately makes sense to me.

Senator Blumenthal.

Senator BLUMENTHAL. Thanks, Mr. Chairman.

Mr. Chairman, I would like to yield part of my time to Senator Klobuchar so she can have the opportunity to make some opening remarks. She is a leader of this effort. And I will save my questions to the end of her remarks or after the next witness, if I may.

Senator MORAN. Senator Klobuchar.

**STATEMENT OF HON. AMY KLOBUCHAR,
U.S. SENATOR FROM MINNESOTA**

Senator KLOBUCHAR. Thank you. I am doing marketing of our Save Our Stages with a mask. But I wanted to thank everyone and just embrace everything that you guys have said in such wonderful words. You can see the creativity of the State of Tennessee, Senator Blackburn, coming through in your turn of phrases, Mr. Strickland. And I am more than happy to have, with Senator Cornyn, led this, in your words, band of gypsies over here so that we can get something done.

I think one of the things we have learned from this pandemic is it is not one-size-fits-all, that not every business and every group of employees are affected in the same way. I know the home State of Jefferson Bus Lines, Minnesota, understands that. I see it in the faces of the people literally starting to cry in an event at the

Moorehead Bluestem Amphitheater as they talked about the Merle Haggard concert or see it in the face of Dayna Frank, who heads up First Avenue in Minneapolis, as we stood in front of that iconic star of Prince, knowing that he and so many other artists across this country could not have gotten their starts without entertainment venues.

And I think we all know that you cannot go stand in a moshpit in the middle of a pandemic. I think you know you cannot sit elbow to elbow in a small theater, whether it is in a big city or a little town. And so many of these venues are literally the heart of our communities. They are the place that people go.

And since we are quoting a lot of things, we do not want to be the Congress that lets the music die, and we do not want this to be the year that we let our cultural icons die.

So with that, Senator Cornyn and I have introduced this bill. We are working really, really hard to get it in the relief package. We are feeling good about the work that is going on. There still have to be some changes made.

I am also a big fan and cosponsor of the RESTART Act that you just spoke to, as well as the CERTS Act involving the bus lines.

And again, I just want to remind our colleagues—and I know they know this or we would not be doing this hearing—thank you to Chairman Moran and Ranking Member Blumenthal—if it was not for that understanding, that not every industry—tech companies. Man, they are doing great. But so many of these small venues are not.

And so my question I guess of you, Mr. Hartke, with your cool drum set over there in Wichita is just could you explain how it will be really hard to bring back these venues. It is just like you cannot snap a finger and they are going to be able to come back with your low margins if we let the music die.

Mr. HARTKE. Yes. I mean, many of our venues have taken generations to build, as I told an example of The Cotillion in Wichita. You know, especially in smaller markets like Wichita, this is an ongoing effort that is passed on from generation to generation. To get the acts to come to Wichita, Kansas has been the work of many, many decades of people.

So, you know, not only that, but to get the spaces that are appropriate for hosting music—I mean, you mentioned First Avenue. I mean, that is a magical place. There is not another space like that in the world. So if you lose a First Avenue, it is going to be nearly impossible to replicate that. You cannot just go into any warehouse and set a stage in it and it has that magic. And that is true of The Cotillion in Wichita and Cain's Ballroom in Tulsa, and all these venues across the country that have been there. Even if they are not historic, the new venues like Wave—I mean, it has a certain theme to it.

Senator KLOBUCHAR. Mr. Hartke, we have limited time, and Senator Blumenthal was so kind to give me this time early on.

Could you talk about how it was hard enough for your venues being independent venues, so many of you competing, as we have seen more and more consolidation with some of the big guys in the industry? To me, the pandemic has simply put a magnifying glass on this problem. We are not going to talk about antitrust here, as

I look at Senator Lee and Senator Blackburn and Senator Blumenthal, all involved in this issue. But could you talk about how it is hard to get by right now anyway without the pandemic?

Mr. HARTKE. Yes. The live music industry is increasingly difficult due to the consolidation of the industry, and mom and pop businesses are fighting tooth and nail to ensure they still get the shows and are able to route tours to the cities. And it is hitting secondary markets just as hard as it is hitting major markets.

Senator KLOBUCHAR. OK, very good.

I think I will end with you, Mr. Strickland. Just words for us as we go into these next few days when everyone is waiting for a result from this Congress to be able to do a package at the end of the year. Any advice?

Mr. STRICKLAND. Again, consider the humanomics. There are 10-plus million people holistically across this entire industry doing nothing. I want to reiterate that. We are not like restaurants or gymnasiums or hair salons that open and close and have a chance to do something. We are doing nothing. Right now, 97 percent of the people are either unemployed or under-employed. Can you imagine being a dental assistant and not being a dental assistant for 18 months and having to go work at Home Depot? That is what has happened. You have got a lot of really talented people. And we do this in the live event industry for one reason: we love it, for the love of the game, for the love of the music. And we have got entertainment and event people scattered across the landscape working at Home Depot and Amazon, and it is so crushing. As an industry—not just venues—as an industry we will not come back if we do not receive relief because the RESTART style relief is the only thing that we have. We cannot go get a commercial loan.

Senator KLOBUCHAR. Thank you so much.

Senator MORAN. Next is Senator Blackburn.

But lyrics, Senator Klobuchar. I was thinking of the Wichita Lineman. The line is: “And I want you for all time, and the Wichita lineman is still on the line.” So keeping these folks in business is an important component.

Senator KLOBUCHAR. Very good. Thank you.

Senator MORAN. I want to keep up with you and your lyrics.

Senator Blackburn.

STATEMENT OF HON. MARSHA BLACKBURN, U.S. SENATOR FROM TENNESSEE

Senator BLACKBURN. Yes, and there is a neat story behind how that song was written and how it came to be Wichita. And in Nashville we say everything begins with a song, and indeed it does.

And to our witnesses today, I want to thank you for being available to us.

To Chairman Moran and Chairman Wicker, thank you for working with me and my team so that we could have this.

The live entertainment industry is vitally important to us in Tennessee. It is a complete sector of our state’s economy. It is not just an add-on. It is not something that is just there for the fun of it. It is the music business.

And I appreciate what Senator Klobuchar has done with Save Our Stages—and she and Senator Schumer and Senator

Blumenthal. And that really is the front-facing part of the industry. That is what you see when the curtains open. That is what you see in the videos on stage in these venues. That is great. And we want these venues to thrive.

However, in order to make those shows appealing and exciting and to keep these venues open, there is an entire behind-the-curtain that takes place. And full disclosure, in the mid-1990s I led the Tennessee Film, Entertainment, and Music Commission. That is when I got to know many of the folks that drive the buses and the motorcoaches. It is when I got to know the caterers and those that are grips and gaffers. And it is when I got to know Mr. Strickland and appreciate what Bandit Lites does.

But this sector of the industry does not benefit from what will be passed in Save Our Stages. And to my colleagues on the other end of the dais, this is why we need you to work with us so that the support system that makes those venues work is able to stay live, so that they are able to participate because right now, I have a lot of friends and neighbors in Nashville that they basically go out and crank the motorcoach every week to be sure that the things are still going to be operational. They go through and they check the catering equipment. They go through and they check the equipment that is sitting in the warehouse waiting for the lights to go back on on these stages so they can gear back up. And right now, there is no avenue for them.

They did nothing wrong. And I think this is an important thing to realize. These folks that support live entertainment did nothing wrong. They did not cause this. But when the pandemic hit, when the economy got shut down, they went from running wide open to a dead stop overnight. That was it. I talked to people that were on tour buses. They turned the tour buses around on the interstate and headed back to Nashville. They did not go to the next stop. They boxed up equipment and they sent it back to Knoxville. So it is important to realize they do not have another source.

And, yes, Save Our Stages is good but you got to have something to save the stage with and it is the support network.

So let me do this. I am running out of time. You know, we are so determined to help with this industry. Mr. Strickland and Mr. Hartke, let me come to you with my question. Talk to me about what the next 6 months is going to look like for this industry and how you think you are going to be able to recover? So, Mr. Strickland, you first.

Mr. STRICKLAND. Thank you, Senator Blackburn.

I have a degree in business from the University of Tennessee, Haslam College of Business. Even Wharton College of Business does not teach one how to run a business for 18 months with no money. It is just simply not taught.

To answer your question and the biggest point here is the industries, the companies, and the people within these industries—we are not almost out of money. We have been out of money. 30 percent of our industry is gone now. If nothing is done by February, 60 percent of our industry will be gone. 60 percent of the people will either be unemployed or doing something else. We simply, as you so eloquently stated, Senator Blackburn—we have no alternative. If the Federal Government does not step up with a RE-

START-style relief for small business in general but for the live event space in particular, we simply have no alternative and the companies will all be shuttered.

Senator BLACKBURN. Mr. Hartke.

Mr. HARTKE. Without the Save Our Stages Act passing immediately, we will not last 6 months. We will not be here for a recovery period. It is as simple as that. With a relief bill, then we will get back to work and we will hire staff back and we will start planning for a reopening. But without it, we will not be here.

Senator BLACKBURN. Thank you.

Thank you, Mr. Chairman.

Senator MORAN. Thank you, Senator Blackburn, for your leadership on this issue.

Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Mr. Chairman.

Let me say, first of all, to Mr. Pantuso, I really appreciate your being here. The transportation, the motorcoach industry is often overlooked in its importance to our economy. I recently visited the DATTCO company in New Britain, Connecticut. It is a family run motorcoach school and school bus operator, a third generation, and it is vital to our economy, as are the companies that you have reflected in your remarks. So I am so glad that you are here.

Let me ask Mr. Fay a question because I think that, Mr. Fay, you have brilliantly outlined the ecosystem that is at stake here. Senator Blackburn referred to a part of it, but it is also the small clubs, the sources of the talent that eventually reach The Bushnell and Broadway. It is also the restaurants that are providing service to patrons of The Bushnell when they go there. The Bushnell is the type of community anchor that will show the Lion King musical one evening and a political debate the next. They also run innovative community-based programming that brings art and literacy to countless inner-city children.

What I would like to know from you is some examples, number one, of those smaller institutions that depend on The Bushnell and theaters and venues like it and also the timeline that is necessary for you to have a production on your stage. You cannot just snap a finger and have it overnight. It takes infinitely difficult planning. And if you could speak to that issue and the smaller parts of that ecosystem that depend on you.

Mr. FAY. That is a good question.

First of all, let me address the second one first, and that is, it has been already pointed out that getting started, restarting this business is going to take the entire country opening up and in a way that we can really open to full capacity. We have explored, as others have, over the last several months the ability to do smaller performances at different times, but they just do not work.

But one of the biggest problems with that is our public is frightened, and until the vaccine is out and really takes effect, even after that it is going to take months and months for our public to decide that it is safe for them to come back and that they are comfortable doing it. Patterns of behavior have changed dramatically. And another 6 months of this is absolutely something we are facing. To come out of that, it is going to take many, many months. It is prob-

ably going to take 2 or 3 years for us to really come out of it. So being in a position to open is critical.

The challenge of the small businesses around us that we participate with and work with all the time is very real. There are six or seven major restaurants that have closed in downtown Hartford since we opened.

One of the other aspects of this is as a result of all the work from home and the digital working, there is a real concern that, on the one hand, businesses will never repopulate the downtown area with as many employees. The work from home is probably going to become a part of our economic process and businesses in the future. As a result, there will be fewer feet hitting the street at 5 or 6 o'clock in the evening. We are going to be one of the real major features of trying to bring people back to the downtown area in the evening, as we were back in the 1970s and 1980s when we started trying to rebuild these cities. So that aspect of it is frightening for our own mayor who has expressed his concern that we be alive and thriving as soon as possible to pull people back into our downtown.

You mentioned how our venue and others do more than just concerts. There are all kinds of events. Hartford Hospital raises over \$1 million a year, an event that they do in our theater on the various stages that we have. The smaller clubs—the Infinity Hall, 450 seats, a beautiful space, doing tremendous business under new ownership, and all of a sudden, after 6 months of their new ownership, shut down.

So it all works together. There is an ecosystem that is in a delicate balance. And every one of the people who has testified today represents a significant part of that ecosystem. If any part of it falls apart, then the whole thing kind of crumbles.

So we will rebuild but it could be decades to rebuild if we do not get this help now.

Senator BLUMENTHAL. Thank you, Mr. Fay.

My time has expired, but I just want to thank you and all of the venue operators. I have been to that Hartford Health Care benefit. I am a regular. I have also been to The Bushnell in the last couple of months when it has been empty, and there is nothing so heart-breaking and gut-wrenching as an empty theater, as a venue like yours that is so full of life and laughter and the kinds of performances that really make memories for people when we know it will take months and maybe as long as a year, as you have said, to reopen. And the Hartford community really depends on The Bushnell and other venues like it as an essential piece of the economy but also our culture.

So thank you very much, Mr. Chairman.

Senator MORAN. Senator Blumenthal, thank you.

Senator Lee.

**STATEMENT OF HON. MIKE LEE,
U.S. SENATOR FROM UTAH**

Senator LEE. Thanks, Mr. Chairman.

Thanks to all of you for being here.

The COVID-19 pandemic has turned everyone into a state of disarray. It has been hard on so many industries. Basically every aspect of our economy has been harmed by it. It has devastated busi-

nesses of all shapes and sizes from the food industry, manufacturers, travel and tourism, energy and transportation, just to name a few. So today's hearing with the live entertainment industry is important.

Luckily with the approval of a COVID-19 vaccine and hopefully more approvals yet to come, along with an effective distribution chain for those vaccines, I am guardedly optimistic that we will soon find ourselves coming into or at least able to see a better outcome in the coming year.

While I am confident in our logistics networks and our ability to swiftly transport the vaccine, we know that it is going to take some time before all Americans are going to have access to it. And today's hearing acknowledges that there is still a lot left to be done as we consider the full economic impact of the pandemic and the government's response to it and as we carefully consider alternatives that we have, solutions that not only provide funds but also ensure a smooth trajectory toward reopening and a swift bounce back to normal, which is what we all crave.

But the live entertainment industry has certainly suffered very severe economic harm during the pandemic, and I am glad that we could hear your testimony today.

So with the vaccine on its way, now seems like a good time for us to address policy solutions of every stripe that we can imagine to help facilitate that smooth transition back to normal. Federal regulations, bureaucracy, Federal rules put in place by Executive Branch agencies can be one of many things in an economy that can slow things down. And it is especially important right now, in addition to considering the funds that have been appropriated and may yet be appropriated, for us to also look at ways in which we could get government to not do things that it might otherwise do that might be harmful and that might slow down a return to normal.

So I was wondering if each of you could just identify—is there any regulation that Congress ought to be aware of, that Congress ought to be looking at carefully in such a way that could help restore your transition to normal? We will start with you, Mr. Strickland.

Mr. STRICKLAND. If I might chime in. Thank you, Senator Lee. A great question. It goes a lot of different directions.

The 500-pound gorilla—and I hesitate to mention it—is the liability indemnity situation. Unless and until there is something dealt with on liability indemnity, all of the live events business is at risk. Let us assume that we in one way or another resolve the financial struggles and issues. If the liability situation is not resolved in a manner such that class action lawsuits are not rampant, then you will find very few venues, promoters, artists, cities, states that will want to put on a large-scale event.

Let us go to Garth Brooks, a client of mine. We have three sold-out 100,000-person stadium shows from last year that we have moved to this year. We want to do a lot more of those. 100,000 people in a football stadium with no liability protection is a class action waiting to happen. You will find 5,000 people that will join a class action.

So legislatively and administratively, that is probably the next big issue. And as I tell people why did I bifurcate financial relief

from liability indemnity, I learned from watching what has gone on in Congress for the last 9 months that we keep getting back to liability indemnity as a sticking point. So I find it imperative that we resolve the financial issue first to allow the live event industry to survive and then we start drilling down and looking at what we can do about liability indemnity.

Senator LEE. There are those who say states can handle that fine on their own. We do not need a single Federal standard. What is your response to that?

Mr. STRICKLAND. It absolutely will not work and here is the reason. As other people have referenced today, our industry is reliant largely on what we call a tour, which is when a large band goes to, in most cases, all 50 states and does shows. And if you have a patchwork situation where you cannot play in particular states because it is a hazard or because the rules are different, you will never be able to book a tour. And when you cannot book a tour, which is the backbone of the live event industry, then suddenly you are stuck with no ability to mount large-scale tours such as Garth Brooks or the Rolling Stones or U2. But even when you work down to the smaller level, the smaller acts will not be able to work until there is a singular fit.

Now, it has been suggested, as you all I am sure know, flood relief falls back on the Federal Government simply because there is no insurance agency, years ago, that would step up and take that. There probably is some kind of a work-out whereby a situation like the flood relief becomes the pandemic relief. But again, I would leave that to those of you in Congress to figure out the details.

Senator LEE. Thank you.

Mr. Chairman, I see my time is expired. Thanks so much.

Senator MORAN. Senator Lee, thank you.

Senator Sinema.

**STATEMENT OF HON. KYRSTEN SINEMA,
U.S. SENATOR FROM ARIZONA**

Senator SINEMA. Thank you, Mr. Chairman.

I ask unanimous consent to enter into the record a letter from the Endurance Sports Coalition.

Senator MORAN. Without objection.

[The information referred to follows:]

Endurance Sports Coalition unites 475 organizations to secure COVID-19 relief

April 9, 2020

Industry leaders Spartan, Tough Mudder and IRONMAN lead group in advocacy on behalf of 500,000 workers

WASHINGTON DC (April 9, 2020) – With the immediate suspension of events across the nation due to social distancing and quarantine impacts from the COVID-19 pandemic, leaders across the endurance sports landscape formed the **Endurance Sports Coalition** to advocate for relief. The grassroots coalition creates one united voice for the endurance sports industry which accounts for **50,000** events annually, **500,000** jobs, and provides health and fitness experiences to **30 million Americans**. The coalition plans to educate Congress and the White House about the need for relief and support for operators of endurance sporting events and their supporting industries.

Forged by Spartan, Tough Mudder, IRONMAN, Rock & Roll Marathon Series, Running USA, USA Triathlon, USA Cycling, and imATHLETE / EnMotive, the coalition currently has more than 475 members across the running, triathlon, multi-sport, obstacle course and cycling event industries. The effort has gained the support of U.S. Senator for Arizona Kyrsten Sinema, an accomplished triathlete.

"The endurance sports industry supports thousands of jobs and has helped millions of Americans lead healthier lives. I am proud to see IRONMAN's commitment to communities across our country continue during the coronavirus pandemic," said Sinema.

The endurance sports industry provides billions of dollars in annual economic impact to major cities and small towns alike, filling hotel rooms and restaurants and supporting sporting goods and specialty retailers. Thousands of charitable organizations also rely on events as critical fundraising platforms.

"30 million Americans rely on fitness events as a means to transform their lives and maintain their physical fitness, and a date on the calendar provides a goal," said Joe De Sena, Founder and CEO of Spartan. "Everyone is struggling right now, and many of these events, which have long and broad histories, are organized by small businesses that are at risk of disappearing. Even more crucial is support for the 500,000 people who are mostly out of work or have had salaries reduced as a result of the pandemic."

"This is a time unlike any in our lives. We feel it is our obligation as industry leaders to advocate for a path forward that enables our more than 450 organizations and half a million people to withstand the threat posed by COVID-19," said Andrew Messick, President & CEO of The IRONMAN Group. "There is uncertainty around health, the economy and sport. We don't know when racing will start again, but we know the positive economic impact

endurance sports provides to our host cities and the transformative physical and mental impact participating in sport provides to our millions of athletes."

With no clear end in sight to bans on mass gatherings and social distancing measures, it is critical to ensure that organizations can continue to retain their staff, pay their suppliers, and be poised to host events for their participants again once it is safe to resume group activities. The endurance sports industry largely comprises small businesses, many of whom are longstanding pillars of their local communities. In addition to sustaining 500,000 jobs, there is an even greater number of freelance, part-time and temporary employment opportunities across the organizations.

The Endurance Sports Coalition is open to every event organizer, race director, coach, trainer, and the full array of suppliers and service providers who support the industry. To join the cause or learn more.

ABOUT THE ENDURANCE SPORTS COALITION

The Endurance Sports Coalition consists of a growing roster of more than 450+ member organizations who have come together as one collective voice to advocate on behalf of the industry. Forged by organizers of Spartan, Tough Mudder, IRONMAN, Rock & Roll Marathon Series, Running USA, USA Triathlon, USA Cycling, and imAthlete / enMotive, the coalition represents more than 50,000 events and 30 million Americans who rely on mass participation events to run, bike, swim, conquer obstacle courses, and better their bodies and their lives. The three-billion-dollar industry drives critical economic impact to major cities and small municipalities, employs 500,000 people, and raises hundreds of millions of dollars for thousands of charitable causes.

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Senator SINEMA. Thank you, Mr. Chairman.

And I want to thank our witnesses for their testimony on this important topic.

Arizona has a vibrant entertainment economy that creates thousands of jobs and provides Arizonans with opportunities to enjoy art, theater, and music and sports. These numerous entertainment options also draw tourists to Arizona, in addition to our excellent weather and our stunning landscape.

Nationwide 85 percent of the live entertainment industry has been furloughed. I am hearing daily from Arizonans and Arizona small businesses in the entertainment industry that are struggling to stay afloat as our venues are closed or strictly limited due to the pandemic.

I am proud to be a cosponsor of the Save Our Stages legislation and the RESTART Act, both of which can provide necessary assistance to the entertainment industry. The Save Our Stages bill will provide \$15 billion to support independent clubs, theaters, concert halls, and movie theaters that meet certain criteria. The RESTART Act includes a new loan program to support businesses that have taken a substantial revenue hit during the COVID-19 pandemic.

As the bipartisan COVID discussions continue, I will continue to encourage my colleagues to provide assistance to Arizona's entertainment industry.

My first question is for Mr. Strickland. The sports and live athletics industry has struggled during the pandemic. I was looking forward to many races and events this year, such as the Boston Marathon, that were canceled or made virtual. When a large event like a marathon is canceled, it is not just the participants who are disappointed. The vendors who provide services for those events are also out of work.

I understand that your company has provided lighting for many live athletic events, including races like the Country Music Marathon and the National Rock and Roll Marathon. From your perspective, how would the RESTART Act help companies like yours that provide services to marathons, triathlons, or similar events?

Mr. STRICKLAND. Thank you, Senator. I appreciate that.

You are very correct. We have moved into what I call the less sexy side of the live event business. When you are doing sound and lights and production for a foot race or for a baseball game—I was once involved with SkyCam, the flying camera system. When you are doing those kind of things, it is not anything sexy. It is not anything that is obvious that anyone wants to talk about, but it is very vital. And indeed, as we sit here today, the cameras, the microphones, the folks working this stuff today are part of the live event ecosystem. They are part of the 3 percent that is working.

So sports are near and dear to my heart. I sit on the Board of the Women's Basketball Hall of Fame. One of my mentors was the late Pat Summitt. They are struggling mightily, and again, they are sort of part of the lost set of people that you do not realize are infected by that. And these are again people that RESTART holistically allows the largest number of people to survive. And to quote the gentleman that founded Maryville College in Tennessee, "do the most good on the largest scale." That is what we need to do. I do not think that Congress intends to pick winners and losers,

and I think that by passing a holistic bill like RESTART with a high revenue loss trigger, you would allow those devastated businesses, including those in the sports sector, to survive.

Senator SINEMA. Thank you.

My next question is for Mr. Hartke. An 87-year-old family owned chain of movie theaters based in Phoenix, Harkins Theaters, has experienced a 95 percent drop in revenue since the pandemic began. Harkins' CEO described the difficulty of making payroll, rent, tax, and utility payments without taking in revenue. I am told that Harkins' patrons are so eager to support the business that they are buying the movie theater's popcorn to go.

Other Arizona independent venues are expressing the same concerns. For example, the Rhythm Room, which is an R&B venue in Phoenix, is supposed to celebrate its 30th anniversary next year, but last week they put up a gofundme page because they are in danger of closing after 9 months without revenue.

I understand that you and your wife co-own two live music venues. From your perspective, which aspects of the SOS Act are essential to supporting our independent theaters and music venues?

Mr. HARTKE. Thank you for that question, Senator.

You know, we love the SOS Act because that focuses on the small mom and pop businesses, independent venues. And, you know, this ranges from venues of 250 capacity to 18,000 capacity. Actually here in Kansas we have a member that is 40 capacity that is an independent venue, and we also have an 18,000 capacity at Providence Medical Amphitheater. It also includes nonprofits. It includes for-profits, and it includes publicly-owned venues. So we cover the gamut with the bill which is first and foremost to us and those within our industry.

Beyond that, it has a flexibility on spending. Payroll is not our biggest expense, so we are able to pay our bills that we either have not paid or need to pay now. And then it gives us a little bit of time that we can persevere this 18-month foreclosure.

Beyond that, it is a grant. It is not a loan. Many of us are highly leveraged. You know,

[inaudible] just the nature of our business. So we have grants or we have loans out on our businesses already. So taking out a loan is not what people really want to do right now or they have already exhausted that option.

So those are kind of the main points.

Senator SINEMA. Thank you.

Mr. Chairman, I see my time is expired. If there are no other members, might I ask one more question to Mr. Hartke?

Senator MORAN. There are other members, but go ahead and ask.

Senator SINEMA. You are very kind, Mr. Chairman.

Mr. Hartke, one final question for you. In 2019, the Rialto Theater in Tucson hosted over 400 shows throughout the year. In 2020, they only had 68 shows, and every single one of those was before March 12. They used to employ 106 staff, but they have not opened their doors to the public in 9 months.

Similarly, the owner of Rebel Lounge in Phoenix—his club has been closed for months, and he told us that the PPP program did not work well for his business.

You shared the same experience in your testimony. Can you tell us why PPP did not work for you? And did you have access to the EIDL programs or any other access to capital?

Mr. HARTKE. Yes. And the PPP loan did not work, A, for the amounts. 2.5 times payroll was not sufficient for an industry that has been closed for 9 months, and we have another 9 months at a minimum ahead of us before we can get back to work. Payroll is not our biggest expense. I think Pete mentioned that earlier. We paid 75 percent as originally stipulated into payroll, and many of our employees did not have a lot of work to do since we were fully shuttered. So those two are the biggest components of why PPP does not work.

Additionally, it is a loan. We are trying feverishly not to draw more debt.

Senator SINEMA. I appreciate that. Thank you, Mr. Hartke.

And, Mr. Chairman, thank you for your indulgence. I appreciate it.

Senator MORAN. You are welcome, Senator Sinema.
Senator Young.

**STATEMENT OF HON. TODD YOUNG,
U.S. SENATOR FROM INDIANA**

Senator YOUNG. Thank you, Mr. Chairman.

And thank you to our witnesses.

Every person, business, and industry has been impacted by this pandemic, but there is no question the live entertainment industry has been hit especially hard.

Mr. Strickland, in your testimony you touch on the fact that \$877 billion is the size of the live entertainment industry hole right now. It has earned zero income since mid-March.

Yesterday we saw the first shipments of COVID-19 vaccine delivered to hundreds of disbursement centers across the country. That, of course, is very encouraging. It is going to provide light at the end of the tunnel to help the American people and businesses of all kinds. However, the live entertainment industry inherently relies on large crowds to operate, leaving the industry in a particularly vulnerable place far beyond the first wave of vaccinations. So it is going to be a while before the industry can really recover.

And it is not just sports and entertainment venues and field houses and so forth. We have a lot of those throughout the State of Indiana, many iconic ones. But there are small, medium, and large businesses across the country that make up the massive supply chain that keep this industry chugging along.

I think you and I have discussed Tyler Truss Systems. It is a company based in Pendleton, Indiana that I visited. In March 2020, they had 72 employees and were actively looking to hire more Hoosiers. Today, their picture looks a lot different, just months later. They are down to, after two rounds of layoffs, less than 20 people.

Melrose Pyrotechnics. It is a fireworks company based in Kingsbury, Indiana. I have spoken to their owner, and they have been forced to lay off 75 percent of their employees.

So it is vital we take necessary steps to support the live entertainment industry and small Hoosier businesses like Melrose and

Tyler Truss during this unprecedented public health crisis, and there are additional measures, of course, needed to do that.

I want to thank Chairman Moran, who is chairing this subcommittee hearing, for becoming the 60th cosponsor of my RESTART Act which I do believe would provide the requisite solution to the challenges your industry is facing and other very hard hit industries in the midst of this global pandemic and subsequent government measures that disrupted industries like your own. I feel like there is a moral imperative for us to act in response.

My RESTART proposal would target our limited resources to help those hard hit businesses and provide flexible loans to help employers with a broad set of operating expenses instead of the heavy focus on payroll costs. This is especially important for those who cannot maintain full payrolls due to significant and sustained loss in revenues.

Mr. Strickland, can you discuss why it is so important to restructure the PPP program to focus more on revenue rather than payroll retention like my RESTART proposal would do and its benefit to your industry?

Mr. STRICKLAND. Thank you, Senator Young. A great question.

Senator Young and I did not know each other 9 months ago, and we know each other fairly well now.

I wish it were like Baskin-Robbins and I wish we had before us 32 options of what small business in general but the live event industry in particular could do to survive. But we do not.

I only really see one option and that is RESTART, which Senator Young and Senator Bennet authored. It is important because it will give you, as written, 45 percent of your 2019 income. You can use it all for operations and overheads and basically keeping the lights on or you can use some of it for payroll and payroll-related expenses which will be forgiven, and then the rest will convert to a loan.

As I said earlier, it is very, very important that we be able to use a vehicle like this because no one—and I mean no one—in the live event space today has the ability to secure the Main Street Lending Loan or a commercial loan. The banks have turned their backs on us, and we understand that. As I said earlier, we do not have a balance sheet. We do not have a P&L. We do not have an income stream. We have nothing that is bankable. We cannot get a loan. We are literally here with our hat in our hand begging.

Senator YOUNG. And Congress should help you out. Frankly I am very frustrated that we have not helped you out. Again, a government mandate for understandable and I think appropriate public health reasons is one of the main reasons that your rank and file workers are hurting, and they deserve some help.

You know, if we believe in institutions—conservatives are supposed to believe in institutions. Government is one of those institutions, and government should be there during a time of emergency to help people, to help ordinary Americans or they are going to lose faith in government and government leaders.

With your indulgence, Mr. Chairman, I just have one other line of inquiry. It will not take long.

Last month during a House Financial Services subcommittee hearing on pandemic insurance, several committee members indi-

cated that Congress should wait until the current crisis is over before contemplating a program to address any future occurrences.

This is for either you, Mr. Strickland, Mr. Laffitte, or each of you. What are your thoughts on the development of a Federal pandemic insurance program that might provide coverage for your industry in the event of a future government-mandated shutdown due to another pandemic or another national crisis? Because, you know, word on the street is because of a number of different factors, our increased globalization and the change in the atmosphere, many other factors, trade patterns, this is not going to be the last pandemic that this or future generations, living generations, will face. So what are your thoughts about that insurance model?

Mr. STRICKLAND. As I stated earlier, we cannot purchase insurance. We cannot purchase liability protection. We cannot purchase pandemic insurance. It simply is not offered, and we understand that. Insurance companies are not interested in it. So the only feasible solution that I see is what I mentioned earlier, a program not unlike the Federal flood insurance program where the Federal Government stands in between disaster and the affected businesses. As to what that would look like, I would model it after the flood insurance program.

Senator YOUNG. Thank you very much.

Mr. Laffitte, anything else to add, sir?

[No response.]

Senator YOUNG. OK. I yield back, Mr. Chairman. Thank you.

Senator MORAN. You have nothing to yield back, but thank you, Senator Young.

Senator Rosen? Senator Rosen, are you with us? Senator Rosen?

[No response.]

Senator MORAN. Senator Cantwell.

**STATEMENT OF HON. MARIA CANTWELL,
U.S. SENATOR FROM WASHINGTON**

Senator CANTWELL. Thank you, Mr. Chairman, and thanks for holding this important hearing.

And to the witnesses and for people participating, I want to thank thousands of the independent artists and venues who have worked so hard to try to communicate this issue. Obviously, in the State of Washington, when you are talking about organizations like the Foo Fighters and the Dave Matthews Band, Macklemore, Pearl Jam, and many others, you can see that music is a pretty big and important issue to the State of Washington.

I want to thank our colleagues, Senator Klobuchar and Cornyn, for their work on legislation. And I was pleased to see there is bipartisan support in a stimulus package, but we have a long way to go to making sure that all becomes a reality.

A survey by the Washington Nightlife Music Association found that without relief, 63 percent of our state's independently owned clubs would have no choice but to permanently close. You guys have been talking about many of those issues and what happens. Even in Spokane, the Pin, a staple of the music scene there, closed its doors, and independent venues like Spokane Arena, the Knitting Factory, Martin Woldson Theater, the Fox, and many others are impacted by these closures and looking for relief.

So when I hear these comments this morning and our colleagues, you would think this would just be a slam dunk, if nothing else, just go ahead and pass legislation for us, those 38,000 Washingtonians, about a \$2.4 billion music industry overall. So we do not want to see permanent closure because it is very hard to start these again.

We have been talking a lot about the problem, but you could give us, any of the witnesses, some real life examples of what people are struggling with right now? I mean, so much of our state—they have been trying to hold on. They have been trying to hold on and trying to hold on because they know closure means probably permanent closure. But could you give us some examples of what people are trying to do just to hold on?

Mr. STRICKLAND. Yes. Thank you. A great question.

And to bring up about the great State of Washington, I was involved in an endeavor September 1st called Red Alert Restart, where we lit all the buildings red across the Nation. The band, Pearl Jam, from Seattle made magic—thank you very much—in Seattle. I cannot give them enough kudos. They reached out to me and then they went to work and turned Seattle red beginning with the Space Needle and flowing from there.

I have a 1.2 million person e-mail chain. I receive calls and letters and texts. To answer your question, 30 percent of the businesses have closed. We are not having a conversation at this moment about what might happen. We are having a conversation about what has happened and what is happening and what will continue to happen.

The smaller companies and what we now call the gig workers—those people have already shifted out of this space, and they are now working at Amazon or somewhere else. They have left the industry that they love, some never to return. We anticipate 20 to 30 percent will never return to this space. Some of the smaller companies have shuttered and folded and lost all of their assets through auction, and of course, that money does not go to them.

So I wish I could give you a story of happiness and how people have been able to survive, but the simple truth is no one is surviving. They are failing daily. And we are not at the edge of the cliff. We have gone over the cliff. And like the cat in the cartoon, most of our industry is hanging on by a thread.

Senator CANTWELL. That is exactly what I wanted you to illuminate. So thank you for doing that.

We have got to get our colleagues to understand we need to act now on this legislation. Thank you.

Senator MORAN. Senator Cantwell, thank you for joining us.

Let us see if Senator Rosen is now available.

**STATEMENT OF HON. JACKY ROSEN,
U.S. SENATOR FROM NEVADA**

Senator ROSEN. Here I am. Can you hear me this time?

Senator MORAN. Yes, ma'am. Senator Rosen.

Senator ROSEN. There you go. Technology is great when it works. Sometimes that microphone gets you. But thank you.

And I want to thank all the witnesses for being here and for what you are doing across the country and in your communities.

So most industries are continuing to experience challenges due to the COVID-19 pandemic, but the live events industry has been amongst the hardest hit. Live events are a major draw to my home State of Nevada, and they help drive our State's tourism economy. Nearly half a million jobs are part of our live event and tourism ecosystem.

Unfortunately, Nevada's once vibrant live events community is now struggling. Performers, support staff—they have seen their work come to a complete halt as venues are not able to open during the pandemic.

There is no doubt that Congress needs to provide targeted financial assistance to the live events industry, as you have all been speaking to today, and I will continue to be supportive of those efforts.

But to revive the live events economy, aid cannot merely be a one-time cash infusion. As we look to the future of safely operating and increasing capacity at live event venues, we will also need to implement creative and innovative solutions to help those venues and other businesses reopen and give the public just more confidence to go back into these indoor spaces.

So given that live event venues depend on large in-person gatherings, I am going to ask three of you to talk about this. But can you first talk about the importance for both safety and consumer confidence that we provide businesses with all funding, lots of funding for PPE and the technologies that make indoor activities safer for workers and the public?

And could you speak more specifically to—if your businesses or businesses that you work at have upgraded their HVAC or their air purification, any of those technologies that improve the air that we breathe? As we know that we do that, we can mitigate the spread of COVID-19 through the air.

So let us begin with Mr. Hartke and then Mr. Strickland and then Mr. Fay, please.

Mr. HARTKE. Thank you for the question, Senator.

We are definitely in a whole new world now, and we are rapidly learning what that means to our industry.

And the answer is yes. Safety is the number one protocol in our industry. I mean, we are an industry that gathers a large group of people together, and so inherently there are numerous things pre-COVID that we had to plan for and now this is just another layer of that. So safety first is always a big priority for live events.

With that, some have invested in their air purification systems. Some simply do not have the funds to do it. But it is part of everybody's plan to take the steps necessary to ensure that the public is safe when they return to live events.

Senator ROSEN. Thank you.

Mr. Strickland?

Mr. STRICKLAND. Yes. Thank you, Senator Rosen.

Las Vegas, not unlike New York, California, and Nashville—you mentioned to begin with the economic impact. It is broader than the economic impact purely on the live event industry because when you bring a live event, as you know, certainly to Las Vegas, you generate hotels and restaurants and taxis and airlines and all the ancillary businesses. So the effect is far-reaching in all 50

states. When you do not have events, everyone suffers, and we are seeing that now.

But moving to the safety side, you have got two conditions to look at. You got the medical condition, which is vaccine-related and exactly how the vaccine does or does not work and what the outcome from the vaccine is. We will plan for the worst and hope for the best.

So let us assume that the vaccine works and is safe. We then move to the social or the human condition. How safe will people feel? How much will you want to go and see a show? That is an answer that 340 million people will answer one at a time.

Now, we do have a lot of information telling us that there is a high degree of confidence. As I shared earlier, we have three sold-out Garth Brooks stadiums, and we have had literally no requests for refunds. The same thing can be said for a number of other large events next year. The refund rate at this moment is very low. So that indicates to us a high degree of consumer confidence. Having said that, let us discuss that question after the first event is held.

Senator ROSEN. Thank you. I see my time is just about up, and I would like to submit some questions for the record and talk more about our air purification systems, how we support that so people can feel confident to go back indoors to our wonderful venues. Thank you.

Senator MORAN. Senator Tester, I believe you are cleaning up.

**STATEMENT OF HON. JON TESTER,
U.S. SENATOR FROM MONTANA**

Senator TESTER. I do not know about cleaning up, but anytime I can get on a committee that is chaired by Senator Moran, I am there. So thank you, Mr. Chairman.

Look, I came to this late because we have a bunch of conflicts in the Senate, but I have heard talk about a number of bills that I am on, Save Our Stages, the RESTART Act, ENCORES Act. And I hear everybody saying the right thing. And by the way, while I am on this, if you are listening, Senator Young, I would be more than happy to work with you in a bipartisan way on liability insurance for these entities because I think Mr. Strickland is correct. These venues have unusual circumstances.

But getting back to what I was going to say, I have heard people talk and I do not think anybody has said that you guys are full of BS. I think everybody that I have heard anyway has said we feel your pain. And I do not know if you guys are frustrated because we continue not to do anything, but it frustrates the hell out of me. You guys are sitting out there. You have been impacted by something that you do not have any control over. You can be the best business people in the world. You can do everything right, but yet you are getting submarined by this damn coronavirus.

You know, I work with a number of folks in my state, Nick Shikota. I have had Shawn Lynch that put on their small venues. And by the way, Mr. Strickland, you are right. For every dollar spent in those small venues, it results in \$12 of economic activity within those regions. So you are absolutely right. What you do impacts a hell of a lot more than just going to a concert.

So from the five folks we have—or at least I see four. There is five on my agenda. Could you tell me what happens 6, 8, 10 months from now to your business? Let us assume that the vaccine is good. Let us assume people go back to the concerts again. But we all know it is going to be 6, 8, 10 months. Your projections may be that or may be longer. I do not know, but that is the way I see it. Are you guys still going to be around?

Mr. HARTKE. Thanks for that question, Senator.

Without help, no, we will not be around. We are at a cliff right now. We have been 9 months closed with no revenue and still all of our expenses. So without help, the independent venues will not last.

If we do get help, then yes, by all means we will be around and we will put all of our effort into a recovery. And, you know, recovery is important. Our venues' involvement in recovery is super important for our local region because we are going to drive tourism. We are going to bring people back out to do things. But it is going to be a slow recovery. You know, we are going to have open to a reduced capacity just to see how everything works, and that is probably a 6 to 12, maybe 18-month period where we are at severely decreased revenue.

So not only does Save Our Stages Act help us survive now, which is our sole focus, but it also helps us with our recovery. And we all fully anticipate once we get through this and consumer confidence is back and the virus has been best[inaudible], then we are going to see a boom. The live music industry—I do not know about you, but I am real excited to go out and see a show right now, and I think a lot of people feel that way. But that is going to be down the road. That is not going to be immediate. So this not only helps us survive, but it helps us be a part of the recovery period.

Senator TESTER. Anybody else like to respond to that?

Mr. STRICKLAND. Yes, I would like to jump in if I might, Senator.

That is the value in the RESTART Act. The value in the RESTART Act is very simply that it is a 7-year loan with no payments in year 1. That is critical. We will have no money in year 1 because if we got RESTART money late February, if we began in June or July, we are going to be broke. So in year 1, there are no payments. Year 2, interest only. Year 3 to 7, we amortize the note. We can live with that. That is a path to survival. If you gave us all \$10 million tomorrow but payments began next month, it just would not work.

Senator TESTER. But if we do nothing, which it does not feel like we are going to do much right now from this Senator's perspective—and I hope we do. But if we do nothing, will you be in business?

Mr. STRICKLAND. No, sir. We disappear as an industry.

Senator TESTER. Anybody else want to talk about this?

Senator MORAN. Mr. Pantuso.

Mr. PANTUSO. Thank you, Senator.

In the motorcoach industry, we want to be part of the solution. We want to be part of the recovery.

In terms of how it relates to this hearing, a lot of our companies are already over the cliff. I saw a report from the Department of Transportation not long ago that showed that as many as 400 to

500 companies have lost operating authority, which essentially means they are closed.

As business comes back, we want to be in a position to take people to those venues, to those stages, but we also know in the travel and tourism industry that we represent, that planning process takes a long, long time. We are going to continue to lose companies over the next 6 months until business starts to open up again. And that planning process in many cases to get people back on the buses and back on tours again or back to work in commuter scheduled service may take another year beyond that. So we need help now. We cannot wait another 6 months.

Senator TESTER. Right on.

Well, look, I just want to say you guys have got to be going crazy. I mean, your livelihoods are on the line here and you look to have a Federal Government that has got your back and you look back and it is not there.

I am going to continue—I will give you my personal word. I am going to continue to make sure that we try to get all three of these bills across the finish line. And I think the liability issue is a good one.

But in the end, we have got to come together and we have got to help the economy. I talked to a good economist this morning. You guys are hurting. This economist says if we do nothing, we are going to go back into a recession and potentially a depression because we are not done with the worst part of this pandemic yet. And so I just think that the folks here in Washington, D.C.—and I am concerned about the debt too, but when you have challenges like this, you acquire the debt, keep the economy going, pay the debt off down the line. And I think it is really, really important.

I want to thank you guys for being here, and I want to thank you for what you do because I think it is important for our society. So thank you.

Senator MORAN. Senator Tester, thank you.

I would highlight for you in particular that I would be happy to be the Chairman of any committee that you are a member of, and we will see if that is the case come January.

Senator TESTER. Amen.

Senator MORAN. And, Senator Tester, thank you for sharing your frustration. I gave remarks on the Senate floor maybe 3 weeks ago saying just because we cannot do everything, let us do what we can do. Let us do something. And then maybe a week or 10 days ago, additional remarks saying, well, we seem to be doing something but it seems to be so slow. Can we speed up the process? So let us figure out among our colleagues what we can do. There are some things that seem incapable at the moment, but that does not mean we should not do what we can agree on. And I think that is a wide array of options and particularly the legislation we talked about today. They seem to be things that we could do with broad bipartisan support, and we need to speed up the timeframe. As indicated today, these businesses are in jeopardy of no longer existing.

We are going to conclude this hearing in just a moment, but I want to ask a couple of questions of Mr. Laffitte. Mr. Laffitte, earlier I mentioned the Paycheck Protection Program. It was the main

relief program created by Congress to retain employees. In your experience did music artists utilize PPP and why or why not?

Mr. LAFFITTE. Thank you for the question, Senator.

The PPP program was a great program for as long as it lasted which, as you know and has been stated time and again today, it did not last long enough.

I did have several clients who qualified and as a result of that qualification, we were able to take care of some of our road crew and essential workers who spent their entire lives literally doing nothing except going from tour to tour. Again, as you know, the issue here is the money has run out and there is no next tour.

Senator MORAN. Mr. Laffitte, tell me a little bit about the industry that you are involved in. How much of an artist's income comes from touring or performing on the road? Particularly for smaller artists, what form of Federal assistance would be most effective in helping those people?

Mr. LAFFITTE. Again, thank you for that question.

I would say anywhere from 70 to 90 percent of the income comes from live performance, particularly for the smaller acts. A big artist or a great songwriter could generate income writing songs through radio airplay and public performance of that music on the radio or television. That being said, most of the income today is earned on the road.

And so what I would hope for as an artist manager would be to get help from Congress to help keep our workers alive. ERTC, PPP program being expanded, Save Our Stages being expanded. We need help everywhere. We are talking about an entire workforce that has nowhere else to go.

Some of the people here are personalizing stories. One of my tour managers, who has been with us for 15 years, is selling a new beverage. He is going from convenience store to convenience store to just try to make ends meet.

So, again bringing it back to solutions, please expand PPP, please expand ERTC, please expand Save Our Stages. There is a giant workforce from top to bottom that needs help. You know, the ticket taker at the small club has their needs. They need to put food on the table and keep a roof over their head. So does the usher at the big arena. We need to help everybody here.

Senator MORAN. Mr. Laffitte, you indicated that you support—please pass the SOS, Save Our Stages Act. Is there any points that you would highlight where that legislation falls short?

Mr. LAFFITTE. My understanding is that Save Our Stages only covers about 30 percent of the venues that qualify. So obviously, the vast majority, 70 percent, of those are not covered. Again, I think we need to expand the scope. I think we need to get more venues qualified.

Senator MORAN. Thank you very much.

I thank all of our witnesses for being here. It is my usual practice in hearings that Senator Blumenthal and I conduct to give any witness the opportunity to add anything to what they said or to correct anything they said, something that they misspoke. Is there any witness who would like to add anything to the record before we conclude this morning's hearing? Mr. Pantuso?

Mr. PANTUSO. Yes. Thank you, Senator.

I would like to follow up on a question that Senator Lee had a little earlier about what can the Federal Government do. And I can give you one example. Right now, we are hearing from some of the national parks that they will only allow a bus with 10 individuals to come into those parks. Grand Canyon is a perfect example. They are also not allowing companies to come in that do not already have passes in 2020 or what is called a CUA, commercial use authorization, permit. It means that as we get to the recovery and companies want to bring more people to our national park system or to the Grand Canyon, they will not be allowed to because you cannot run a bus with 10 individuals, one being the driver and one being the guide, only eight paying customers. And if you have not already been to the park and have a CUA in 2020, it means you cannot get one in 2021. So it is one example where the Federal Government needs to get out of the way and open the doors up to allow the recovery to continue.

Senator MORAN. Thank you.

Senator BLUMENTHAL. Mr. Chairman, if I might respond.

Senator MORAN. Senator Blumenthal.

Senator BLUMENTHAL. I think that point is very well made in general about the Federal Government getting out of the way, but more particularly about our national parks and the example of that being a destination for our motorcoach industry and our travel industry in general. Travel agents suffer from the potential closure of many of these venues, and our transportation industry.

I also want to mention or emphasize a point made by Mr. Fay about The Bushnell being a source of education and resources for our children in school. It is part of our educational system. If we lose The Bushnell, we lose a vital source of culture and education for students. The Ridgefield Playhouse in Ridgefield, Connecticut has been serving as a free source of education for Bridgeport, Danbury, and Stamford school children. So making these venues available is absolutely critical for our educational system.

Thanks, Mr. Chairman, and I want to thank all of the witnesses who are here today and who have participated virtually because you have added a tremendous amount to the understanding we have of this issue. Thank you.

Senator MORAN. Thank you, Senator Blumenthal.

Any of our witnesses have anything they would like to say before we conclude?

Mr. STRICKLAND. Mr. Chairman, I would like to say thank you first and foremost to this committee and to you folks for doing this.

I would like to go back to what Senator Tester said. We are not upset. We understand that Congress has a huge challenge in front of itself. You have to deal with a huge number of bills, thousands of bills. So your knowledge and your time is very valuable, and thank you for taking it. We understand the process. We just hope and pray that today we have made the live event industry's plight known.

And I will close by saying that we are very vertically integrated. It is like that game—is it Jenga where you pull the blocks out? If one block goes, the whole tower falls. And what you see at the top is the big star, and what you see at the bottom are the manufacturers like Senator Young referenced. And when this thread begins to

unravel, the venues, the sound people, the bus people, the labor people, the radio people, the rodeo people, and the manufacturers and the birthday party people and the party rental houses—it all falls apart because there is no chain. There is no ecosystem. And then it becomes the knock-on economic effect of the rest of the community.

Again, thank you for your time.

Senator MORAN. An analogy well stated.

Mr. Hartke, I think you wanted to say something.

Mr. HARTKE. Yes. Thank you, Chairman Moran.

Again, I just wanted to state the urgency of this. We have employees whose PUA has ran out, and we have venues that have closed. Lots of them. And lots of them are facing closures. And I wanted to remind everybody that these are locally owned businesses. We live in the communities in which we own the business. It is mom and pop venues of all sizes across the country that this act, Save Our Stages Act, will help. So we do not have a month to wait. We do not have a week. We do not have 2 months. The time is now. After 9 months, people are going under quick and it is just going to be over the edge if we wait any longer.

So that is all I have to say. Thank you.

Senator MORAN. Thank you.

Hopefully this hearing and its timing corresponds with the moment in time in which the U.S. Senate is prepared to act—the U.S. Congress. And thank you all for highlighting the importance of these bills and this issue to the American people and to the employees and to our economy.

The hearing record will remain open for two weeks. During this time, Senators are asked to submit any questions for the record. Upon receipt, the witnesses are requested to submit their written answers to the Committee as soon as possible. What that is saying is that there may be questions submitted to our witnesses, and we would ask you to respond as quickly as you can.

This concludes the hearing, and I thank again the witnesses for appearing today. This hearing is adjourned.

[Whereupon, at 11:55 a.m., the hearing was adjourned.]