

August 4, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

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

The Honorable Chuck Schumer
Democratic Leader
U.S. Senate
Washington, DC 20510

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

As Congress works to craft the next phase of COVID-19 response legislation, TRSA, the Linen, Uniform and Facility Services Association, appreciates that bipartisan consensus has developed for several items critical to sustaining the economy.

Providing hygienically clean and safe personal protective equipment (PPE), reusable textiles and cleaning and sanitation products to the hospitality, food service, industrial and healthcare sectors depends greatly on the health of these industries. Linen, uniform and facility services comprise a \$40-billion U.S. market that generates \$19 billion in wages and a \$176-billion impact on the economy. TRSA's constituency within this market is on pace to erode by anywhere from 20 percent in the industrial sector to over 60 percent in the food-and-beverage and hospitality sectors before the winter holidays as customer sectors further roll back operations. Without any further action, the anticipated job losses will approach over 60,000. Companies that focus mainly on the food-and-beverage industry have already laid off over 80% of their workforce as the Paycheck Protection Program (PPP) has come to an end. Others have drastically cut back shifts or are sharing shifts so employees can receive some sort of paycheck with benefits. Still others are temporarily closing.

Several provisions included in recent Democratic and Republican recovery plans would help provide critical relief to linen and uniform service laundries and employees. TRSA supports these components, we urge you to include them in any final agreement:

- A second set of forgivable Paycheck Protection Program (PPP) loans
- Improvements to Economic Injury Disaster Loans
- Longer-term loans with partial forgiveness
- Enhancements to the Employee Retention Tax Credit
- Work Opportunity Tax Credit – a tax credit for customer and employee wellness investments
- Safe harbor protections from COVID-19-related litigation

Two aspects of the Paycheck Protection Program warrant immediate attention:

- 1) **Ensure PPP Loans are available to all laundry facilities** – The original vehicle of the PPP, the Coronavirus Aid, Relief and Economic Security (CARES) Act, provides much-needed funding to keep workers on payrolls and businesses open. The Act allows for any business concern that meets SBA's size standards, any business, 501(c)(3) non-profit organization, 501(c)(19) veterans organization, or Tribal business concern (sec. 31(b)(2)(C) of the Small Business Act) with less than 500 employees and any business with a NAICS Code that begins with 72 (Accommodations and Food Services) that has more than one physical location and employs less than 500 per location.

Many linen, uniform and facility services companies and their supplier partners employ more than 500 employees; however, they have multiple laundry plants that each have less than 500 employees. The average linen and uniform service company operates three locations. The main customers of most such companies are accommodation, food service and hospitality companies expressly mentioned in the legislation for the Small Business Administration's waiver test. As these industries go, so do the laundry employees serving them. To allow these workers' employers the relief necessary to remain viable, TRSA requests that businesses in North American Industry Classification System (NAICS) codes 812230, 812331, 812332 and their suppliers be added to the Small Business Administration waiver for the Paycheck Protection Program.

Linen, uniform and facility services have been consistently stable employers despite extremely low margins and tight cash flow. Without this minor tweak to the CARES Act, many family-owned-and-operated laundries that have operated for decades, some for centuries, now in their third and fourth generation of ownership, will close their doors permanently.

Current proposals to extend PPP loans would require businesses to demonstrate a 50-percent reduction in quarterly gross receipts over the previous year. While this is appropriate for many businesses, a laundry's tight profit margin means that even a small reduction in gross receipts can push them into bankruptcy. We urge the threshold be lowered to a 20-percent reduction.

2) **Protect the linen, uniform and facility services industry from surprise PPP taxes** – When Congress created the PPP, the intent was clear: business expenses paid with PPP loans would be deductible from federal taxes. Recent guidance from the Internal Revenue Service is fostering the opposite result, leading businesses to suffer surprise tax liabilities as they struggle to stay open. Congress must pass legislation codifying the CARE Act's original intent.

The linen, uniform and facility services industry has been designated as a Critical Infrastructure industry according to the Cybersecurity and Infrastructure Agency (CISA) of the Department of Homeland Security due to the importance the industry plays in producing hygienically clean and safe linens and personal protective equipment (PPE) to those individuals that serve life-sustaining businesses. TRSA members support the safe operation of healthcare facilities, grocery stores, infrastructure maintenance, food processing, public utilities (water and energy), first-responders, federal and state governments, laboratories, pharmaceutical and other manufacturing, and other fundamental supply chain businesses. Beyond linens, uniforms and other garments, our industry keeps these businesses' employees and customers safe by also providing cleaning towels, floor mats, mops and other reusable textiles, as well as facility service products (cleaning chemicals, sanitizers, toilet paper, hand soap, etc.). Keeping the industry open and operating maintains public safety and an essential supply chain.

Thank you for your leadership. We look forward to working with you in the days ahead.

Joseph Ricci, CAE
President & CEO
Textile Rental Services Association of America (TRSA)